105TH CONGRESS } HOUSE OF REPRESENTATIVES { REPT. 105–341
1st Session } { Part 1

RECIPROCAL TRADE AGREEMENT AUTHORITIES ACT OF 1997

OCTOBER 23, 1997.—Ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means, submitted the following

REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 2621]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2621) to extend trade authorities procedures with respect to reciprocal trade agreements, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

TITLE I—TRADE AUTHORITIES PROCEDURES

SEC. 101. SHORT TITLE.

This title may be cited as the "Reciprocal Trade Agreement Authorities Act of 1997".

SEC. 102. TRADE NEGOTIATING OBJECTIVES.

(a) OVERALL TRADE NEGOTIATING OBJECTIVES.—The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 103 are—

(1) to obtain more open, equitable, and reciprocal market access;

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade and that decrease market opportunities for United States exports or otherwise distort United States trade;

(3) to further strengthen the system of international trading disciplines and procedures, including dispute settlement; and

(4) to foster economic growth, raise living standards, and promote full employment in the United States and to enhance the global economy.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—

(1) TRADE BARRIERS AND DISTORTIONS.—The principal negotiating objectives of the United States regarding trade barriers and other trade distortions are—

(A) to expand competitive market opportunities for United States exports and to obtain fairer and more open conditions of trade by reducing or eliminating tariff and nontariff barriers and policies and practices of foreign governments directly related to trade that decrease market opportunities for United States exports or otherwise distort United States trade; and

(B) to obtain reciprocal tariff and nontariff barrier elimination agreements, with particular attention to those tariff categories covered in section 111(b) of the Uruguay Round Agreements Act (19 U.S.C. 3521(b)).

(2) TRADE IN SERVICES.—The principal negotiating objective of the United States regarding trade in services is to reduce or eliminate barriers to international trade in services, including regulatory and other barriers that deny national treatment or unreasonably restrict the establishment or operations of service suppliers.

(3) FOREIGN INVESTMENT.—The principal negotiating objective of the United States regarding foreign investment is to reduce or eliminate artificial or trade-distorting barriers to trade related foreign investment by—

(A) reducing or eliminating exceptions to the principle of national treatment;

(B) freeing the transfer of funds relating to investments;

(C) reducing or eliminating performance requirements and other unreasonable barriers to the establishment and operation of investments;

(D) seeking to establish standards for expropriation and compensation for expropriation, consistent with United States legal principles and practice; and

(E) providing meaningful procedures for resolving investment disputes.

(4) INTELLECTUAL PROPERTY.—The principal negotiating objectives of the United States regarding trade-related intellectual property are—

(A) to further promote adequate and effective protection of intellectual property rights, including through—

(i)(I) ensuring accelerated and full implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(15)), particularly with respect to United States industries whose products are subject to the lengthiest transition periods for full compliance by developing countries with that Agreement, and

(II) ensuring that the provisions of any multilateral or bilateral trade agreement entered into by the United States provide protection at least

as strong as the protection afforded by chapter 17 of the North American Free Trade Agreement and the annexes thereto;

(ii) providing strong protection for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property;

(iii) preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights; and

(iv) providing strong enforcement of intellectual property rights, including through accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms; and

(B) to secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection.

(5) TRANSPARENCY.—The principal negotiating objective of the United States with respect to transparency is to obtain broader application of the principle of transparency through—

(A) increased and more timely public access to information regarding trade issues and the activities of international trade institutions; and

(B) increased openness of dispute settlement proceedings, including under the World Trade Organization.

(6) RECIPROCAL TRADE IN AGRICULTURE.—The principal negotiating objective of the United States with respect to agriculture is to obtain competitive opportunities for United States exports in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and to achieve fairer and more open conditions of trade in bulk and value-added commodities by—

(A) reducing or eliminating, by a date certain, tariffs or other charges that decrease market opportunities for United States exports—

(i) giving priority to those products that are subject to significantly higher tariffs or subsidy regimes of major producing countries; and

(ii) providing reasonable adjustment periods for United States import-sensitive products, in close consultation with the Congress on such products before initiating tariff reduction negotiations;

(B) reducing or eliminating subsidies that decrease market opportunities for United States exports or unfairly distort agriculture markets to the detriment of the United States;

(C) developing, strengthening, and clarifying rules and effective dispute settlement mechanisms to eliminate practices that unfairly decrease United States market access opportunities or distort agricultural markets to the detriment of the United States, particularly with respect to import-sensitive products, including—

(i) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms, with emphasis on requiring price transparency in the operation of state trading enterprises and such other mechanisms;

(ii) unjustified trade restrictions or commercial requirements affecting new technologies, including biotechnology;

(iii) unjustified sanitary or phytosanitary restrictions, including those not based on scientific principles in contravention of the Uruguay Round Agreements;

(iv) other unjustified technical barriers to trade; and

(v) restrictive rules in the administration of tariff rate quotas;

(D) improving import relief mechanisms to recognize the unique characteristics of perishable agriculture;

(E) taking into account whether a party to the negotiations has failed to adhere to the provisions of already existing trade agreements with the United States or has circumvented obligations under those agreements;

(F) taking into account whether a product is subject to market distortions by reason of a failure of a major producing country to adhere to the provisions of already existing trade agreements with the United States or by the circumvention by that country of its obligations under those agreements; and

(G) otherwise ensuring that countries that accede to the World Trade Organization have made meaningful market liberalization commitments in agriculture.

(7) LABOR, THE ENVIRONMENT, AND OTHER MATTERS.—The principal negotiating objective of the United States regarding labor, the environment, and other

matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

(A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.

(B) To ensure that foreign governments do not derogate from or waive existing domestic environmental, health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are consistent with sound macroeconomic development.

(8) WTO EXTENDED NEGOTIATIONS.—The principal negotiating objectives of the United States regarding trade in financial services are those set forth in section 135(a) of the Uruguay Round Agreements Act (19 U.S.C. 3555(a)), regarding trade in civil aircraft are those set forth in section 135(c) of that Act, and regarding rules of origin are the conclusion of an agreement described in section 132 of that Act (19 U.S.C. 3552).

(c) INTERNATIONAL ECONOMIC POLICY OBJECTIVES.—

(1) IN GENERAL.—The President should take into account the relationship between trade agreements and other important priorities of the United States and seek to ensure that the trade agreements entered into by the United States complement and reinforce other policy goals. The United States priorities in this area include—

(A) seeking to ensure that trade and environmental policies are mutually supportive;

(B) seeking to protect and preserve the environment and enhance the international means for doing so, while optimizing the use of the world's resources;

(C) promoting respect for worker rights and the rights of children and an understanding of the relationship between trade and worker rights, particularly by working with the International Labor Organization to encourage the observance and enforcement of core labor standards, including the prohibition on exploitative child labor; and

(D) supplementing and strengthening standards for protection of intellectual property under conventions administered by international organizations other than the World Trade Organization, expanding these conventions to cover new and emerging technologies, and eliminating discrimination and unreasonable exceptions or preconditions to such protection.

(2) APPLICABILITY OF TRADE AUTHORITIES PROCEDURES.—Nothing in this subsection shall be construed to authorize the use of the trade authorities procedures described in section 103 to modify United States law.

(d) GUIDANCE FOR NEGOTIATORS.—

(1) DOMESTIC OBJECTIVES.—In pursuing the negotiating objectives described in subsection (b), the negotiators on behalf of the United States shall take into account United States domestic objectives, including the protection of health and safety, essential security, environmental, consumer, and employment opportunity interests, and the law and regulations related thereto.

(2) CONSULTATIONS WITH CONGRESSIONAL ADVISERS AND ENFORCEMENT OF THE TRADE LAWS.—In the course of negotiations conducted under this title, the United States Trade Representative shall—

(A) consult closely and on a timely basis with, and keep fully apprised of the negotiations, the congressional advisers on trade policy and negotiations appointed under section 161 of the Trade Act of 1974; and

(B) preserve the ability of the United States to enforce rigorously its trade laws, including the antidumping and countervailing duty laws, and avoid agreements which lessen the effectiveness of domestic and international disciplines on unfair trade, especially dumping and subsidies, in order to ensure that United States workers, agricultural producers, and firms can compete fully on fair terms and enjoy the benefits of reciprocal trade concessions.

(e) ADHERENCE TO OBLIGATIONS UNDER URUGUAY ROUND AGREEMENTS.—In determining whether to enter into negotiations with a particular country, the President shall take into account the extent to which that country has implemented, or has accelerated the implementation of, its obligations under the Uruguay Round Agreements.

SEC. 103. TRADE AGREEMENTS AUTHORITY.

(a) AGREEMENTS REGARDING TARIFF BARRIERS.—

(1) IN GENERAL.—Whenever the President determines that one or more existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes, policies, and objectives of this title will be promoted thereby, the President—

(A) may enter into trade agreements with foreign countries before—

(i) October 1, 2001, or

(ii) October 1, 2005, if trade authorities procedures are extended under subsection (c), and

(B) may, subject to paragraphs (2) and (3), proclaim—

(i) such modification or continuance of any existing duty,

(ii) such continuance of existing duty-free or excise treatment, or

(iii) such additional duties,

as the President determines to be required or appropriate to carry out any such trade agreement. The President shall notify the Congress of the President's intention to enter into an agreement under this subsection.

(2) LIMITATIONS.—No proclamation may be made under paragraph (1) that—

(A) reduces any rate of duty (other than a rate of duty that does not exceed 5 percent ad valorem on the date of the enactment of this Act) to a rate of duty which is less than 50 percent of the rate of such duty that applies on such date of enactment;

(B) reduces the rate of duty on an article to take effect on a date that is more than 10 years after the first reduction that is proclaimed to carry out a trade agreement with respect to such article; or

(C) increases any rate of duty above the rate that applied on January 1, 1996.

(3) AGGREGATE REDUCTION; EXEMPTION FROM STAGING.—

(A) AGGREGATE REDUCTION.—Except as provided in subparagraph (B), the aggregate reduction in the rate of duty on any article which is in effect on any day pursuant to a trade agreement entered into under paragraph (1) shall not exceed the aggregate reduction which would have been in effect on such day if—

(i) a reduction of 3 percent ad valorem or a reduction of one-tenth of the total reduction, whichever is greater, had taken effect on the effective date of the first reduction proclaimed under paragraph (1) to carry out such agreement with respect to such article; and

(ii) a reduction equal to the amount applicable under clause (i) had taken effect at 1-year intervals after the effective date of such first reduction.

(B) EXEMPTION FROM STAGING.—No staging is required under subparagraph (A) with respect to a duty reduction that is proclaimed under paragraph (1) for an article of a kind that is not produced in the United States. The United States International Trade Commission shall advise the President of the identity of articles that may be exempted from staging under this subparagraph.

(4) ROUNDING.—If the President determines that such action will simplify the computation of reductions under paragraph (3), the President may round an annual reduction by an amount equal to the lesser of—

(A) the difference between the reduction without regard to this paragraph and the next lower whole number; or

(B) one-half of 1 percent ad valorem.

(5) OTHER LIMITATIONS.—A rate of duty reduction that may not be proclaimed by reason of paragraph (2) may take effect only if a provision authorizing such reduction is included within an implementing bill provided for under section 105 and that bill is enacted into law.

(6) OTHER TARIFF MODIFICATIONS.—Notwithstanding paragraphs (1)(B) and (2) through (5), and subject to the consultation and layover requirements of section 115 of the Uruguay Round Agreements Act, the President may proclaim the modification of any duty or staged rate reduction of any duty set forth in Schedule XX, as defined in section 2(5) of that Act, if the United States agrees to such modification or staged rate reduction in a negotiation for the reciprocal elimination or harmonization of duties under the auspices of the World Trade Organization or as part of an interim agreement leading to the formation of a regional free-trade area.

(7) AUTHORITY UNDER URUGUAY ROUND AGREEMENTS ACT NOT AFFECTED.—Nothing in this subsection shall limit the authority provided to the President under section 111(b) of the Uruguay Round Agreements Act (19 U.S.C. 3521(b)).

(b) AGREEMENTS REGARDING TARIFF AND NONTARIFF BARRIERS.—

(1) IN GENERAL.—(A) Whenever the President determines that—

(i) one or more existing duties or any other import restriction of any foreign country or the United States or any other barrier to, or other distortion of, international trade unduly burdens or restricts the foreign trade of the United States or adversely affects the United States economy, or

(ii) the imposition of any such barrier or distortion is likely to result in such a burden, restriction, or effect,

and that the purposes, policies, and objectives of this title will be promoted thereby, the President may enter into a trade agreement described in subparagraph (B) during the period described in subparagraph (C).

(B) The President may enter into a trade agreement under subparagraph (A) with foreign countries providing for—

(i) the reduction or elimination of a duty, restriction, barrier, or other distortion described in subparagraph (A), or

(ii) the prohibition of, or limitation on the imposition of, such barrier or other distortion.

(C) The President may enter into a trade agreement under this paragraph before—

(i) October 1, 2001, or

(ii) October 1, 2005, if trade authorities procedures are extended under subsection (c).

(2) CONDITIONS.—A trade agreement may be entered into under this subsection only if such agreement makes progress in meeting the applicable objectives described in section 102 and the President satisfies the conditions set forth in section 104.

(3) BILLS QUALIFYING FOR TRADE AUTHORITIES PROCEDURES.—The provisions of section 151 of the Trade Act of 1974 (in this title referred to as "trade authorities procedures") apply to a bill of either House of Congress consisting only of—

(A) a provision approving a trade agreement entered into under this subsection and approving the statement of administrative action, if any, proposed to implement such trade agreement,

(B) provisions directly related to the principal trade negotiating objectives set forth in section 102(b) achieved in such trade agreement, if those provisions are necessary for the operation or implementation of United States rights or obligations under such trade agreement,

(C) provisions that define and clarify, or provisions that are related to, the operation or effect of the provisions of the trade agreement,

(D) provisions to provide adjustment assistance to workers and firms adversely affected by trade, and

(E) provisions necessary for purposes of complying with section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 in implementing the trade agreement,

to the same extent as such section 151 applies to implementing bills under that section. A bill to which this subparagraph applies shall hereafter in this title be referred to as an "implementing bill".

(c) EXTENSION DISAPPROVAL PROCESS FOR CONGRESSIONAL TRADE AUTHORITIES PROCEDURES.—

(1) IN GENERAL.—Except as provided in section 105(b)—

(A) the trade authorities procedures apply to implementing bills submitted with respect to trade agreements entered into under subsection (b) before October 1, 2001; and

(B) the trade authorities procedures shall be extended to implementing bills submitted with respect to trade agreements entered into under subsection (b) after September 30, 2001, and before October 1, 2005, if (and only if)—

(i) the President requests such extension under paragraph (2); and

(ii) neither House of the Congress adopts an extension disapproval resolution under paragraph (5) before October 1, 2001.

(2) REPORT TO CONGRESS BY THE PRESIDENT.—If the President is of the opinion that the trade authorities procedures should be extended to implementing bills described in paragraph (1)(B), the President shall submit to the Congress, not later than July 1, 2001, a written report that contains a request for such extension, together with—

(A) a description of all trade agreements that have been negotiated under subsection (b) and the anticipated schedule for submitting such agreements to the Congress for approval;

(B) a description of the progress that has been made in negotiations to achieve the purposes, policies, and objectives of this title, and a statement that such progress justifies the continuation of negotiations; and

(C) a statement of the reasons why the extension is needed to complete the negotiations.

(3) REPORT TO CONGRESS BY THE ADVISORY COMMITTEE.—The President shall promptly inform the Advisory Committee for Trade Policy and Negotiations established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) of the President's decision to submit a report to the Congress under paragraph (2). The Advisory Committee shall submit to the Congress as soon as practicable, but not later than August 1, 2001, a written report that contains—

(A) its views regarding the progress that has been made in negotiations to achieve the purposes, policies, and objectives of this title; and

(B) a statement of its views, and the reasons therefor, regarding whether the extension requested under paragraph (2) should be approved or disapproved.

(4) REPORTS MAY BE CLASSIFIED.—The reports submitted to the Congress under paragraphs (2) and (3), or any portion of such reports, may be classified to the extent the President determines appropriate.

(5) EXTENSION DISAPPROVAL RESOLUTIONS.—(A) For purposes of paragraph (1), the term "extension disapproval resolution" means a resolution of either House of the Congress, the sole matter after the resolving clause of which is as follows: "That the ____ disapproves the request of the President for the extension, under section 103(c)(1)(B)(i) of the Reciprocal Trade Agreement Authorities Act of 1997, of the provisions of section 151 of the Trade Act of 1974 to any implementing bill submitted with respect to any trade agreement entered into under section 103(b) of the Reciprocal Trade Agreement Authorities Act of 1997 after September 30, 2001.", with the blank space being filled with the name of the resolving House of the Congress.

(B) Extension disapproval resolutions—

(i) may be introduced in either House of the Congress by any member of such House; and

(ii) shall be referred, in the House of Representatives, to the Committee on Ways and Means and, in addition, to the Committee on Rules.

(C) The provisions of sections 152 (d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192 (d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to extension disapproval resolutions.

(D) It is not in order for—

(i) the Senate to consider any extension disapproval resolution not reported by the Committee on Finance;

(ii) the House of Representatives to consider any extension disapproval resolution not reported by the Committee on Ways and Means and, in addition, by the Committee on Rules; or

(iii) either House of the Congress to consider an extension disapproval resolution after September 30, 2001.

SEC. 104. CONSULTATIONS.

(a) NOTICE AND CONSULTATION BEFORE NEGOTIATION.—

(1) IN GENERAL.—The President, with respect to any agreement that is subject to the provisions of section 103(b), shall—

(A) provide, at least 90 calendar days before initiating negotiations, written notice to the Congress of the President's intention to enter into the negotiations and set forth therein the date the President intends to initiate such negotiations, the specific United States objectives for the negotiations, and whether the President intends to seek an agreement, or changes to an existing agreement; and

(B) before and after submission of the notice, consult regarding the negotiations with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and such other committees of the House and Senate as the President deems appropriate.

(2) CONSULTATIONS REGARDING NEGOTIATIONS ON CERTAIN OBJECTIVES.—

(A) CONSULTATION.—In addition to the requirements set forth in paragraph (1), before initiating negotiations with respect to a trade agreement subject to section 103(b) where the subject matter of such negotiations is directly related to the principal trade negotiating objectives set forth in sec-

tion 102(b)(1) or section 102(b)(7), the President shall consult with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate and with the appropriate advisory groups established under section 135 of the Trade Act of 1974 with respect to such negotiations.

(B) SCOPE.—The consultations described in subparagraph (A) shall concern the manner in which the negotiation will address the objective of reducing or eliminating a specific tariff or nontariff barrier or foreign government policy or practice directly related to trade that decreases market opportunities for United States exports or otherwise distorts United States trade.

(3) NEGOTIATIONS REGARDING AGRICULTURE.—Before initiating negotiations the subject matter of which is directly related to the subject matter under section 102(b)(6)(A) with any country, the President shall assess whether United States tariffs on agriculture products that were bound under the Uruguay Round Agreements are lower than the tariffs bound by that country. In addition, the President shall consider whether the tariff levels bound and applied throughout the world with respect to imports from the United States are higher than United States tariffs and whether the negotiation provides an opportunity to address any such disparity. The President shall consult with the Committee on Ways and Means and the Committee on Agriculture of the House of Representatives and the Committee on Finance and the Committee on Agriculture, Nutrition, and Forestry of the Senate concerning the results of the assessment, whether it is appropriate for the United States to agree to further tariff reductions based on the conclusions reached in the assessment, and how all applicable negotiating objectives will be met.

(b) CONSULTATION WITH CONGRESS BEFORE AGREEMENTS ENTERED INTO.—

(1) CONSULTATION.—Before entering into any trade agreement under section 103(b), the President shall consult with—

(A) the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate; and

(B) each other committee of the House and the Senate, and each joint committee of the Congress, which has jurisdiction over legislation involving subject matters which would be affected by the trade agreement.

(2) SCOPE.—The consultation described in paragraph (1) shall include consultation with respect to—

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the applicable purposes, policies, and objectives of this title; and

(C) the implementation of the agreement under section 105, including the general effect of the agreement on existing laws.

(c) ADVISORY COMMITTEE REPORTS.—The report required under section 135(e)(1) of the Trade Act of 1974 regarding any trade agreement entered into under section 103 (a) or (b) of this Act shall be provided to the President, the Congress, and the United States Trade Representative not later than 30 days after the date on which the President notifies the Congress under section 103(a)(1) or 105(a)(1)(A) of the President's intention to enter into the agreement.

SEC. 105. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) IN GENERAL.—

(1) NOTIFICATION AND SUBMISSION.—Any agreement entered into under section 103(b) shall enter into force with respect to the United States if (and only if)—

(A) the President, at least 90 calendar days before the day on which the President enters into the trade agreement, notifies the House of Representatives and the Senate of the President's intention to enter into the agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(B) within 60 days after entering into the agreement, the President submits to the Congress a description of those changes to existing laws that the President considers would be required in order to bring the United States into compliance with the agreement;

(C) after entering into the agreement, the President submits a copy of the final legal text of the agreement, together with—

(i) a draft of an implementing bill described in section 103(b)(3);

(ii) a statement of any administrative action proposed to implement the trade agreement; and

(iii) the supporting information described in paragraph (2); and

(D) the implementing bill is enacted into law.

(2) SUPPORTING INFORMATION.—The supporting information required under paragraph (1)(C)(iii) consists of—

(A) an explanation as to how the implementing bill and proposed administrative action will change or affect existing law; and

(B) a statement—

(i) asserting that the agreement makes progress in achieving the applicable purposes, policies, and objectives of this title;

(ii) setting forth the reasons of the President regarding—

(I) how and to what extent the agreement makes progress in achieving the applicable purposes, policies, and objectives referred to in clause (i);

(II) whether and how the agreement changes provisions of an agreement previously negotiated;

(III) how the agreement serves the interests of United States commerce; and

(IV) how the implementing bill meets the standards set forth in section 103(b)(3).

(3) RECIPROCAL BENEFITS.—In order to ensure that a foreign country that is not a party to a trade agreement entered into under section 103(b) does not receive benefits under the agreement unless the country is also subject to the obligations under the agreement, the implementing bill submitted with respect to the agreement shall provide that the benefits and obligations under the agreement apply only to the parties to the agreement, if such application is consistent with the terms of the agreement. The implementing bill may also provide that the benefits and obligations under the agreement do not apply uniformly to all parties to the agreement, if such application is consistent with the terms of the agreement.

(b) LIMITATIONS ON TRADE AUTHORITIES PROCEDURES.—

(1) FOR LACK OF CONSULTATIONS.—

(A) IN GENERAL.—The trade authorities procedures shall not apply to any implementing bill submitted with respect to a trade agreement entered into under section 103(b) if during the 60-day period beginning on the date that one House of Congress agrees to a procedural disapproval resolution for lack of notice or consultations with respect to that trade agreement, the other House separately agrees to a procedural disapproval resolution with respect to that agreement.

(B) PROCEDURAL DISAPPROVAL RESOLUTION.—For purposes of this paragraph, the term "procedural disapproval resolution" means a resolution of either House of Congress, the sole matter after the resolving clause of which is as follows: "That the President has failed or refused to notify or consult (as the case may be) with Congress in accordance with section 104 or 105 of the Reciprocal Trade Agreement Authorities Act of 1997 on negotiations with respect to, or entering into, a trade agreement to which section 103(b) of that Act applies and, therefore, the provisions of section 151 of the Trade Act of 1974 shall not apply to any implementing bill submitted with respect to that trade agreement.".

(2) PROCEDURES FOR CONSIDERING RESOLUTIONS.—(A) Procedural disapproval resolutions—

(i) in the House of Representatives—

(I) shall be introduced by the chairman or ranking minority member of the Committee on Ways and Means or the chairman or ranking minority member of the Committee on Rules;

(II) shall be referred to the Committee on Ways and Means and, in addition, to the Committee on Rules; and

(III) may not be amended by either Committee; and

(ii) in the Senate shall be original resolutions of the Committee on Finance.

(B) The provisions of section 152 (d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192 (d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to procedural disapproval resolutions.

(C) It is not in order for the House of Representatives to consider any procedural disapproval resolution not reported by the Committee on Ways and Means and, in addition, by the Committee on Rules.

(c) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—Subsection (b) of this section and section 103(c) are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such are deemed a part of the rules of each

House, respectively, and such procedures supersede other rules only to the extent that they are inconsistent with such other rules; and

(2) with the full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner, and to the same extent as any other rule of that House.

SEC. 106. TREATMENT OF CERTAIN TRADE AGREEMENTS.

(a) CERTAIN AGREEMENTS.—Notwithstanding section 103(b)(2), if an agreement to which section 103(b) applies—

(1) is entered into under the auspices of the World Trade Organization regarding trade in information technology products,

(2) is entered into under the auspices of the World Trade Organization regarding extended negotiations on financial services as described in section 135(a) of the Uruguay Round Agreements Act (19 U.S.C. 3555(a)),

(3) is entered into under the auspices of the World Trade Organization regarding the rules of origin work program described in Article 9 of the Agreement on Rules of Origin referred to in section 101(d)(10) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(10)), or

(4) is entered into with Chile,

and results from negotiations that were commenced before the date of the enactment of this Act, subsection (b) shall apply.

(b) TREATMENT OF AGREEMENTS.—In the case of any agreement to which subsection (a) applies—

(1) the applicability of the trade authorities procedures to implementing bills shall be determined without regard to the requirements of section 104(a), and any procedural disapproval resolution under section 105(b)(1)(B) shall not be in order on the basis of a failure or refusal to comply with the provisions of section 104(a); and

(2) the President shall consult regarding the negotiations described in subsection (a) with the committees described in section 104(a)(1)(B) as soon as feasible after the enactment of this Act.

SEC. 107. CHIEF AGRICULTURAL NEGOTIATOR.

(a) ESTABLISHMENT OF POSITION.—There shall be in the Office of the United States Trade Representative a Chief Agricultural Negotiator, who shall be appointed by the President, by and with the advice and consent of the Senate. The Chief Agricultural Negotiator shall hold office at the pleasure of the President and shall have the rank of Ambassador.

(b) FUNCTIONS.—The Chief Agricultural Negotiator shall have as his or her primary function the conduct of trade negotiations relating to agricultural commodities and shall have such other functions as the United States Trade Representative may direct.

(c) COMPENSATION.—The Chief Agricultural Negotiator shall be paid at the highest rate of basic pay payable to a member of the Senior Executive Service.

SEC. 108. CONFORMING AMENDMENTS.

(a) IN GENERAL.—Title I of the Trade Act of 1974 (19 U.S.C. 2111 et seq.) is amended as follows:

(1) IMPLEMENTING BILL.—

(A) Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is amended by striking "section 1103(a)(1) of the Omnibus Trade and Competitiveness Act of 1988, or section 282 of the Uruguay Round Agreements Act" and inserting "section 282 of the Uruguay Round Agreements Act, or section 105(a)(1) of the Reciprocal Trade Agreement Authorities Act of 1997".

(B) Section 151(c)(1) (19 U.S.C. 2191(c)(1)) is amended by striking "or section 282 of the Uruguay Round Agreements Act" and inserting ", section 282 of the Uruguay Round Agreements Act, or section 105(a)(1) of the Reciprocal Trade Agreement Authorities Act of 1997".

(2) ADVICE FROM INTERNATIONAL TRADE COMMISSION.—Section 131 (19 U.S.C. 2151) is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking "section 123 of this Act or section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988," and inserting "section 123 of this Act or section 103(a) or (b) of the Reciprocal Trade Agreement Authorities Act of 1997,"; and

(ii) in paragraph (2), by striking "section 1102 (b) or (c) of the Omnibus Trade and Competitiveness Act of 1988" and inserting "section 103(b) of the Reciprocal Trade Agreement Authorities Act of 1997";

(B) in subsection (b), by striking "section 1102(a)(3)(A)" and inserting "section 103(a)(3)(A) of the Reciprocal Trade Agreement Authorities Act of 1997" before the end period; and

(C) in subsection (c), by striking "section 1102 of the Omnibus Trade and Competitiveness Act of 1988," and inserting "section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,".

(3) HEARINGS AND ADVICE.—Sections 132, 133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and 2154(a)) are each amended by striking "section 1102 of the Omnibus Trade and Competitiveness Act of 1988," each place it appears and inserting "section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,".

(4) PREREQUISITES FOR OFFERS.—Section 134(b) (19 U.S.C. 2154(b)) is amended by striking "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" and inserting "section 103 of the Reciprocal Trade Agreement Authorities Act of 1997".

(5) ADVICE FROM PRIVATE AND PUBLIC SECTORS.—Section 135 (19 U.S.C. 2155) is amended—

(A) in subsection (a)(1)(A), by striking "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" and inserting "section 103 of the Reciprocal Trade Agreement Authorities Act of 1997";

(B) in subsection (e)(1)—

(i) by striking "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" each place it appears and inserting "section 103 of the Reciprocal Trade Agreement Authorities Act of 1997"; and

(ii) by striking "section 1103(a)(1)(A) of such Act of 1988" and inserting "section 105(a)(1)(A) of the Reciprocal Trade Agreement Authorities Act of 1997"; and

(C) in subsection (e)(2), by striking "section 1101 of the Omnibus Trade and Competitiveness Act of 1988" and inserting "section 102 of the Reciprocal Trade Agreement Authorities Act of 1997".

(6) TRANSMISSION OF AGREEMENTS TO CONGRESS.—Section 162(a) (19 U.S.C. 2212(a)) is amended by striking "or under section 1102 of the Omnibus Trade and Competitiveness Act of 1988" and inserting "or under section 103 of the Reciprocal Trade Agreement Authorities Act of 1997".

(b) APPLICATION OF CERTAIN PROVISIONS.—For purposes of applying sections 125, 126, and 127 of the Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and 2137)—

(1) any trade agreement entered into under section 103 shall be treated as an agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974 (19 U.S.C. 2111 or 2112); and

(2) any proclamation or Executive order issued pursuant to a trade agreement entered into under section 103 shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 102 of the Trade Act of 1974.

SEC. 109. DEFINITIONS.

In this title:

(1) UNITED STATES PERSON.—The term "United States person" means—

(A) a United States citizen;

(B) a partnership, corporation, or other legal entity organized under the laws of the United States; and

(C) a partnership, corporation, or other legal entity that is organized under the laws of a foreign country and is controlled by entities described in subparagraph (B) or United States citizens, or both.

(2) URUGUAY ROUND AGREEMENTS.—The term "Uruguay Round Agreements" has the meaning given that term in section 2(7) of the Uruguay Round Agreements Act (19 U.S.C. 3501(7)).

(3) WORLD TRADE ORGANIZATION.—The term "World Trade Organization" means the organization established pursuant to the WTO Agreement.

(4) WTO AGREEMENT.—The term "WTO Agreement" means the Agreement Establishing the World Trade Organization entered into on April 15, 1994.

TITLE II—TRADE ADJUSTMENT ASSISTANCE

SEC. 201. ADJUSTMENT ASSISTANCE FOR WORKERS.

Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended—

(1) in subsection (a) by striking "1993" and all that follows through "1998" and inserting "1998, 1999, and 2000"; and

(2) in subsection (b) by striking "1994" and all that follows through "1998" and inserting "1998, 1999, and 2000".

SEC. 202. ADJUSTMENT ASSISTANCE FOR FIRMS.

Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by striking "1993" and all that follows through "1998" and inserting "1998, 1999, and 2000,".

SEC. 203. GENERAL ACCOUNTING OFFICE REPORT.

Section 280(a) of the Trade Act of 1974 (19 U.S.C. 2391(a)) is amended—

(1) by striking "2, 3, and 4" and inserting "2 and 3"; and

(2) by striking "January 31, 1980" and inserting "October 1, 1999".

SEC. 204. TERMINATION.

Section 285(c) of the Trade Act of 1974 (19 U.S.C. 2271 note) is amended in paragraphs (1) and (2)(A)(i) by striking "1998" and inserting "2000".

SEC. 205. EFFECTIVE DATE.

The amendments made by this title take effect on the date of the enactment of this Act.

TITLE III—REVENUE PROVISIONS

SEC. 301. REPEAL OF SPECIAL RULE FOR RENTAL USE OF VACATION HOMES, ETC., FOR LESS THAN 15 DAYS.

(a) IN GENERAL.—Section 280A of the Internal Revenue Code of 1986 (relating to disallowance of certain expenses in connection with business use of home, rental of vacation homes, etc.) is amended by striking subsection (g).

(b) NO BASIS REDUCTION UNLESS DEPRECIATION CLAIMED.—Section 1016 of such Code is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) SPECIAL RULE WHERE RENTAL USE OF VACATION HOME, ETC., FOR LESS THAN 15 DAYS.—If a dwelling unit is used during the taxable year by the taxpayer as a residence and such dwelling unit is actually rented for less than 15 days during the taxable year, the reduction under subsection (a)(2) by reason of such rental use in any taxable year beginning after December 31, 1997, shall not exceed the depreciation deduction allowed for such rental use.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

I. INTRODUCTION

A. PURPOSE AND SUMMARY

Title I of H.R. 2621, as amended by the Committee, would establish special "fast track" provisions for the consideration of legislation to implement trade agreements. These special procedures, which were first enacted in 1974, have expired with respect to agreements entered into after April 15, 1994. The purpose of this special approval process has been to preserve the constitutional role and to fulfill the legislative responsibility of Congress with respect to trade agreements. At the same time, the process ensures certain and expeditious action on the results of the negotiations and on the implementing bill, with no amendments.

Title I of H.R. 2621, as amended, would put in place special procedures for implementing trade agreements entered into before October 1, 2001, with the opportunity for an extension to cover agreements entered into before October 1, 2005. These procedures are similar to the expired provisions, with modifications to clarify their application so that they apply only to provisions that are directly related to the trade negotiating objectives set forth in the bill, or that define and clarify or are related to, the operation and effect of the trade agreement.

Title II of H.R. 2621 would re-authorize the general Trade Adjustment Assistance (TAA), NAFTA-related TAA, and TAA for firms programs through fiscal year 2000. Title II also would require that the General Accounting Office conduct a study of the three TAA programs and report the results to the Congress no later than October 1, 1999. These provisions would be effective on the date of enactment.

B. Background and Need for Legislation

Certain trade agreements cannot enter into force as a matter of U.S. law unless implementing legislation approving the agreement and any changes to U.S. law is enacted into law. Certain procedures, commonly referred to as "fast track," were first authorized in the Trade Act of 1974 in order to implement trade agreements. These procedures were first used with respect to the GATT Tokyo Round Agreements, which were approved and implemented in the Trade Agreements Act of 1979. The expedited procedures for the implementation of multilateral trade agreements have not been significantly altered since 1974 but were expanded in 1984 to apply to bilateral agreements. Extended through section 1102(c) of the Omnibus Trade and Competitiveness Act of 1988, and modified to authorize the President to enter into bilateral trade agreements, fast track procedures were most recently used to implement the Uruguay Round Agreements of GATT and the North American Free Trade Agreement. That fast track negotiating authority as extended in 1991 and 1993, applied only with respect to new agreements entered into before April 15, 1994.

These special procedures required the President, before entering into any trade agreement, to consult with Congress and to provide Congress advance notice of his intent to enter into an agreement. After entering into the agreement, the President was required to submit the draft agreement, implementing legislation, and a statement of administrative action. The President also consulted with Congressional committees of jurisdiction on the content of the implementing bill. Amendments to the legislation were not permitted once the bill was introduced; the committee and floor actions consisted of "up or down" votes on the bill as introduced.

The Committee believes that fast track has been a highly effective tool in obtaining the passage of legislation implementing a wide variety of trade agreements. Because of these agreements, the Committee believes that the United States has been able to make substantial progress in opening markets, lowering tariffs, and regulating and ending non-tariff barriers to trade. These agreements are extremely beneficial in creating much-needed jobs, stimulating the economy, raising the standard of living for American families, and reducing the budget deficit. The Committee believes that the only way that the United States can continue to negotiate these beneficial agreements is through the well-proven tool of fast track because it ensures certain and expeditious consideration of trade legislation while giving Congress a strong role to play during negotiation and implementation of trade agreements. In addition, fast track gives U.S. trading partners confidence that an agreement agreed by the United States will not be reopened during the implementing process. Accordingly, H.R. 2621, as amended, would ex-

tend many of the same fast track provisions of the 1988 Act to future agreements.

The President's fiscal year 1998 budget contained provisions to extend all three TAA programs. Over the past year, the Committee has undertaken an evaluation not only of general TAA and NAFTA-related TAA, but also TAA for firms. As a result of these evaluations, the Committee believes these programs should be reauthorized through fiscal year 2000.

C. Legislative History

H.R. 2621, the Reciprocal Trade Agreement Authorities Act of 1997, was introduced on October 7, 1997, by Chairman Archer, on behalf of himself, Mr. Crane, and Mr. Dreier. The bill was referred to the Committee on Ways and Means, and in addition to the Committee on Rules.

On October 8, the Committee on Ways and Means met to consider H.R. 2621. At that time, Chairman Archer offered an amendment in the nature of a substitute. The Committee agreed to two amendments to the amendment in the nature of a substitute. First, the Committee agreed, by a voice vote, to an amendment that would give guidance to U.S. negotiators concerning unfair trade laws. In addition, the Committee agreed, also by voice vote, to an en bloc amendment that would make clear that all private sector advisory groups would be consulted by the Administration on negotiations and that would strike the word "nondiscriminatory" from the principal negotiating objective concerning labor and the environment in the amendment in the nature of a substitute. The Committee then ordered the bill favorably reported, as amended, by a record vote of 24 to 14.

II. EXPLANATION OF THE BILL

A. Title I—Trade Authorities Procedures

1. SECTION 101: SHORT TITLE

Explanation of provision

The short title of the bill is the "Reciprocal Trade Agreement Authorities Act of 1997."

2. SECTION 102(a) AND (b): TRADE NEGOTIATING OBJECTIVES

Present/expired law

Section 1101(a) of the Omnibus Trade and Competitiveness Act of 1988 (the 1988 Act) set forth overall negotiating objectives for concluding trade agreements. These objectives were to obtain more open, equitable, and reciprocal market access, the reduction or elimination of barriers and other trade-distorting policies and practices, and a more effective system of international trading disciplines and procedures. Section 1102(b) set forth the following principle trade negotiating objectives: dispute settlement, transparency, developing countries, current account surpluses, trade and monetary coordination, agriculture, unfair trade practices, trade in services, intellectual property, foreign direct investment, safe-

guards, specific barriers, worker rights, access to high technology, and border taxes.

Explanation of provision

Section 102 would establish the following overall negotiating objectives: obtaining more open, equitable, and reciprocal market access; obtaining the reduction or elimination of barriers and other trade-distorting policies and practices; further strengthening the system of international trading disciplines and procedures, including dispute settlement; and fostering economic growth and full employment in the U.S. and the global economy.

In addition, section 102 would establish the principal trade negotiating objectives for concluding trade agreements, as follows:

Trade barriers and distortions:

expanding competitive market opportunities for U.S. exports and obtaining fairer and more open conditions of trade by reducing or eliminating tariff and nontariff barriers and policies and practices of foreign governments directly related to trade that decrease market opportunities for U.S. exports and distort U.S. trade;

obtaining reciprocal tariff and nontariff barrier elimination agreements, with particular attention to products covered in section 111(b) of the Uruguay Round Agreements Act;

Services;

Foreign investment;

Intellectual property, including:

ensuring accelerated implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights of the Uruguay Round Agreements, particularly with respect to those countries facing the lengthiest transition periods for full compliance by developing countries; achieving improvements in that Agreement; and ensuring that any future agreement provide protections at least as strong as under the NAFTA;

providing strong protection for new and emerging technologies, preventing or eliminating discrimination concerning intellectual property rights, providing strong enforcement, and securing market access opportunities;

Transparency;

Agriculture: obtaining competitive market opportunities for U.S. exports in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in U.S. markets and achieving fairer and more open conditions of trade;

Labor, the environment, and other matters: addressing those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

to ensure that foreign labor, environmental, health or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade;

to ensure that foreign governments do not derogate from or waive existing domestic environmental, health, safety,

or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment; the objective is not intended to address changes that are consistent with sound macroeconomic development.

Extended WTO negotiations: concerning extended WTO negotiations on financial services, civil aircraft, and rules of origin.

Reason for change

In the list of primary negotiating objectives in H.R. 2621, as amended, the Committee intends to update objectives from the 1988 Act which were outdated because they referred to the Uruguay Round. Other objectives were broadened to encompass more than one objective from the 1988 Act and to include those practices and policies that are directly related to trade and serve as trade barriers or distortions to trade. For instance, it is the Committee's intent that the negotiating objective concerning specific barriers to trade include issues such as safeguards, dispute settlement, unfair trade laws (including antidumping, subsidies, safeguard actions, and laws concerning unfair practices in import trade), access to high technology, government procurement, technical standards, and sanitary and phytosanitary standards.

The language in the first negotiating objective covers any tariff or non-tariff barrier as well as any policy or practice that is directly related to trade, regardless of whether the barrier is imposed at the foreign border or at some other point. Moreover, H.R. 2621, as amended, addresses policies and practices, not merely a law "on its face." This includes a policy or practice that has the de facto effect of impeding U.S. imports or exports, not whether the law is only a de jure barrier. In addition, the concept "policy or practice" covers barriers imposed under, for example, a regulatory, administrative, adjudicatory, and investigatory exercise of any level of foreign government authority, and is not limited to statutory barriers. Finally, it is the Committee's intention that the phrase "to obtain fairer and more open conditions of trade by reducing or eliminating tariff and nontariff barriers" applies to barriers imposed by foreign governments as well as domestic barriers, if any.

In section 102(b)(1)(B), the Committee intends that the Administration continue to seek, on a priority basis, the elimination of duties on a reciprocal basis for products covered in section 111(b) of the Uruguay Round Agreements Act, as described in page 45 of the Statement of Administrative Action accompanying that Act. Although the President was successful in obtaining the reciprocal elimination of duties for a number of products contained in that list as part of the Information Technology Agreement negotiated under the auspices of the WTO, there are a number of products not included in that Agreement, including paper and wood products. It is the Committee's intention that the Administration pay particular attention to the elimination of tariffs on these products, which could result in substantial benefits to U.S. industry and its workers. For many of these products, U.S. producers remain at a significant competitive disadvantage while foreign suppliers are able to expand capacity behind high tariff walls. In other sectors, tariff in-

equities are aggravated by tariff escalation, which occurs when a country establishes low or zero tariffs for raw materials but maintains relatively high tariffs for processed products. The Committee intends that the Administration continue to pursue ending such practices for the sectors covered by the proclamation authority provided in section 111(b).

With respect to the negotiating objective concerning intellectual property, the Committee notes that obtaining improved intellectual property through bilateral and multilateral efforts is an important and continuing trade policy priority for the United States. Accordingly, the Committee intends that the United States seek accelerated and full implementation of the Agreement on Trade-Related Aspects of Intellectual Property negotiated under in the Uruguay Round.

With respect to the negotiating objective relating to reciprocal trade in agriculture, the Committee intends that the United States obtain a level playing field throughout the world for agriculture products, both for U.S. exporters seeking market access abroad as well as for U.S. products that are import-sensitive. The Committee believes that U.S. negotiators should seek to accomplish the objectives set forth in section 102(b)(6), including reducing or eliminating foreign tariffs and subsidies and, in addition, eliminating practices that decrease U.S. market access or distort U.S. or foreign markets, including state trading enterprises; unjustified trade restrictions or commercial requirements affecting new technologies, including biotechnology; unjustified sanitary or phytosanitary measures not based on scientific principles in contravention of WTO standards; other unjustified barriers to trade; and restrictive rules in the administration of tariff rate quotas.

With respect to the seventh principal trade negotiating objective, concerning "labor, the environment, and other matters that are directly related to trade," the Committee intends this language to include those particular aspects of practices and policies regarding labor, environment, and other matters that are themselves directly related to trade and serve as trade barriers or distortions to trade. The Committee recognizes that in certain circumstances, aspects of practices and policies involving labor, the environment, and other matters may decrease market opportunities for U.S. exports or otherwise distort U.S. trade. Those aspects of these policies and practices may accordingly be included in trade agreements whose implementation qualifies for fast track. In determining whether foreign government policies and practices are in fact directly related to trade, the Committee intends that the USTR consult closely with the Congress, the private sector, and other interested groups.

By contrast, fast track is not intended to implement other more general policy goals. Any side agreements that the President may enter, using his executive authorities, with respect to such matters would be subject to normal legislative procedures.

The Committee intends that "directly related to trade" in this context include the use of labor and environmental laws by another country to restrict U.S. access to its market. Specifically, if another country sought to use labor or environmental restrictions to limit trade improperly, the United States should be able to respond in trade terms. The Committee intends that the United States should

be able to use trade to respond to a foreign government's use of sanitary or phytosanitary restrictions that do not meet the requirements of a trade agreement, including those that are discriminatory or not based on sound science. Similarly, the Committee intends that the United States should be able to use trade to respond to valid U.S. health and safety concerns stemming from the lack of environmental protection in another country affecting products which that country is attempting to export to the United States. For example, the United States should be able to block the importation of contaminated fish caught in waters polluted by unregulated factories in another country, as long as the restriction is not discriminatory and is based on sound science. In addition, agriculture products produced in another country should be prohibited from entry into the United States if they contain contaminants which threaten the health and safety of Americans.

In addition, fast track procedures may be used with respect to ensuring that foreign governments do not derogate from or waive existing domestic environmental, health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. This provision is not intended to address changes in a country's laws that are consistent with sound macroeconomic development. Rather, it is intended to address situations in which a country, in order to gain competitive advantage in international trade or investment, waives or derogates from existing measures. If a country must change existing measures because to do so would be sound macroeconomic policy, the Committee does not intend to address such behavior as long as it is not done to unfairly increase foreign investment or international trade.

Finally, the Committee notes that the term "international trade" includes both imports and exports, as well as trade in services, trade-related investment, and trade-related intellectual property.

3. SECTION 102(c): INTERNATIONAL ECONOMIC POLICY OBJECTIVES

Present/expired law

No provision.

Explanation of provision

Section 102(c) contains general international economic policy objectives, which are not subject to fast track, which the President should take into account. Such priorities include:

Seeking to ensure that trade and environmental policies are mutually supportive;

Seeking to protect and preserve the environment and enhance the international means for doing so, while optimizing the use of the world's resources;

Promoting respect for worker rights and the rights of children and an understanding of the relationship between trade and worker rights, particularly by working with the ILO to encourage the observance and enforcement of core labor standards;

Supplementing and strengthening standards for protection of intellectual property under appropriate conventions administered by international organizations other than the WTO.

Reason for change

The Committee recognizes and expects that the President will take into account the relationship between trade agreements and other important priorities of the United States and strive to ensure that trade agreements entered into by the United States complement and reinforce other policy goals. Negotiations under the executive authorities of the President may occur on other policy goals and objectives, the results of which may or may not require changes in U.S. law. However, fast-track implementing procedures are reserved for measures that are: (1) directly related to trade; (2) serve as trade barriers or distortions; and (3) have been subject to consultations with the Congress and the private sector. By contrast, fast track procedures are not intended to be used to implement other, more general policy goals.

4. SECTION 102(d) AND (e): GUIDANCE FOR NEGOTIATORS

Present/expired law

No provision.

Explanation of provision

Section 102(d) contains certain guidance for U.S. negotiators in conducting negotiations. Specifically, U.S. negotiators would be required to take into account U.S. domestic objectives, including the protection of health and safety, essential security, environmental, consumer, and employment opportunity interests. USTR would be required to consult closely with the congressional advisers on trade policy and negotiations appointed under section 161 of the Trade Act of 1974. In addition, USTR would be required to preserve the ability of the United States to enforce vigorously its trade laws and avoid agreements which lessen the effectiveness of domestic and international disciplines on unfair trade.

Finally, in determining whether to enter into negotiations with a particular country, section 102(e) would require the President to take into account whether that country has implemented its obligations under the Uruguay Round Agreements.

Reason for change

The Committee intends that certain domestic objectives are taken into account by U.S. negotiators during negotiations. This guidance is not intended to force U.S. negotiators to seek U.S. standards on the listed issues in international agreements. Instead, in developing its position in trade negotiations, the Administration should keep in mind these important domestic priorities.

In addition, the Committee intends that the Administration maintain close contacts with Congressional advisers on trade policy throughout the negotiation process. Such consultations must be both meaningful and timely. Finally, the Committee intends that negotiators preserve the ability of the United States to enforce rig-

orously its trade laws and to avoid agreements which lessen the effectiveness of unfair trade disciplines.

5. SECTION 103: TRADE AGREEMENTS AUTHORITY

Present/expired law

Tariff proclamation authority. Section 1102(a) of the 1988 Act provided authority to the President to proclaim modifications in duties without the need for Congressional approval, subject to certain limitations. Specifically, for rates that exceed 5 percent ad valorem, the President could not reduce any rate of duty to a rate less than 50 percent of the rate of duty applying on the date of enactment. Rates at or below 5 percent could be reduced to zero. Any duty reduction that exceeded 50 percent of an existing duty higher than 5 percent or any tariff increase had to be approved by Congress.

Staging authority required that duty reductions on any article could not exceed 3 percent per year, or one-tenth of the total reduction, whichever is greater, except that staging was not required if the International Trade Commission determined there was no U.S. production of that article.

Negotiation of bilateral agreements. Section 1102(c) of the 1988 Act set forth three requirements for the negotiation of a bilateral agreement:

The foreign country must request the negotiation of the bilateral agreement;

The agreement must make progress in meeting applicable U.S. trade negotiating objectives; and

The President must provide written notice of the negotiations to the Committee on Ways and Means and the Committee on Finance of the Senate and consult with these committees. The negotiations could proceed unless either Committee disapproved the negotiations within 60 days prior to the 90 calendar days advance notice required of entry into an agreement (described below).

Negotiation of multilateral non-tariff agreements. With respect to multilateral agreements, section 1102(b) of the 1988 Act provided that whenever the President determines that any barrier to, or other distortion of, international trade unduly burdens or restricts the foreign trade of the United States or adversely affects the U.S. economy, or the imposition of any such barrier or distortion is likely to result in such a burden, restriction, or effect, he may enter into a trade agreement with the foreign countries involved. The agreement must provide for the reduction or elimination of such barrier or other distortion or prohibit or limit the imposition of such a barrier or distortion.

Provisions qualifying for fast track procedures. Section 1103(b)(1)(A) of the 1988 Act provided that fast track apply to implementing bills submitted with respect to any trade agreements entered into under the statute. Section 151(b)(1) of the Trade Act of 1974 further defined "implementing bill" as a bill containing provisions "necessary or appropriate" to implement the trade agreement, as well as provisions approving the agreement and the statement of administrative action.

Time period. The authority applied with respect to agreements entered into before June 1, 1991, and until June 1, 1993 unless Congress passed an extension disapproval resolution. The authority was then extended to April 15, 1994, to cover the Uruguay Round of multilateral negotiations under the General Agreement on Tariffs and Trade.

Explanation of provision

Proclamation authority. Section 103(a) would provide the President the authority to proclaim, without Congressional approval, certain duty modifications in a manner very similar to the expired provision. Specifically, for rates that exceed 5 percent ad valorem, the President would not be authorized to reduce any rate of duty to a rate less than 50 percent of the rate of duty applying on the date of enactment. Rates at or below 5 percent ad valorem could be reduced to zero. Any duty reduction that exceeded 50 percent of an existing duty higher than 5 percent or any tariff increase would have to be approved by Congress. Staging authority would require that duty reductions on any article could not exceed 3 percent per year, or one-tenth of the total reduction, whichever is greater, except that staging would not be required if the International Trade Commission determined there is no U.S. production of that article.

However, these limitations would not apply to reciprocal agreements to eliminate or harmonize duties negotiated under the auspices of the World Trade Organization or to interim agreements leading to the formation of a regional free trade agreement.

Agreements on tariff and non-tariff barriers. Section 103(b)(1) would authorize the President to enter into a trade agreement with a foreign country whenever he determined that any duty or other import restriction or any other barrier to or distortion of international trade unduly burdens or restricts the foreign trade of the United States or adversely affects the U.S. economy, or the imposition of any such barrier or distortion is likely to result in such a burden, restriction, or effect. The agreement must provide for the reduction or elimination of such barrier or other distortion or prohibit or limit the imposition of such a barrier or distortion. No distinction would be made between bilateral and multilateral agreements.

Conditions. Section 103(b)(2) would provide that the special implementing bills procedures may be used only if the agreement makes progress in meeting the applicable objectives set forth in section 102 and the President satisfies the consultation requirements set forth in section 104.

Bills qualifying for trade authorities procedures. Section 103(b)(3)(A) would provide that bills implementing trade agreements may qualify for fast track procedures only if those bills consist solely of the following provisions:

Provisions approving the trade agreement and statement of administrative action;

Provisions directly related to the principal negotiating objectives, if those provisions are necessary for the operation or implementation of U.S. rights or obligations under the agreement;

Provisions that define and clarify, or provisions that are related to, the operation and effect of the provisions of the trade agreement;

Provisions to provide adjustment assistance to workers and firms adversely affected by trade;

Provisions necessary to comply with budget offset requirements.

Time period. Sections 3(a)(1)(A) and 3(b)(1) would extend fast track authority to agreements entered into before October 1, 2001. In addition, an extension until October 1, 2005, would be permitted unless Congress passed a disapproval resolution, as described under section 3(c).

Reason for change

H.R. 2621, as amended, extends to the President the same authority to proclaim tariff modifications as under the 1988 Act. In addition, the President would be given authority to negotiate reciprocal duty eliminations on a sectoral basis within the WTO forum as well as for an interim agreement leading to the formation of a regional free trade agreement. The Committee believes that the Information Technology Agreement recently negotiated by the President under the auspices of the WTO to eliminate tariffs for information technology products all over the world was a substantial accomplishment. The Committee recognizes, however, that the President's ability to carry out such agreements is limited because section 111(b) of the Uruguay Round Agreements Act provides the President with proclamation authority applicable only to a limited number of sectors, that is those that were negotiated multilaterally under the WTO and that were the subject of negotiations on reciprocal duty elimination ("zero-for-zero") or harmonization during the Uruguay Round. Because of the success that the Information Technology Agreement promises for U.S. businesses and U.S. workers, the Committee wishes to provide authority for this and similar WTO sector-specific negotiations even if the sector had not been the subject of zero-for-zero negotiations during the Uruguay Round.

H.R. 2621, as amended, would apply the same substantive and procedural requirements to all types of agreements, thus ending the special rules for bilateral versus multilateral agreements.

With respect to the requirements for bills qualifying for fast track, it is the Committee's intent to extend authority to the President to negotiate agreements that would be subject to the special procedures similar to that given to past Administrations. At the same time, the Committee's intent is to tighten the process so as to avoid including non-trade provisions as well as provisions that may be trade-related but are extraneous to the trade agreement. The Committee has been concerned that a number of provisions that were not strictly trade-related and that were not related to implementing the trade agreement at hand have been included in past implementing bills.

The Committee believes that for historical and constitutional reasons, it is important to make fast track as tailored as possible so as not to unnecessarily intrude on normal legislative procedures. Fast track is an exception to the rule that is permitted only because of the recognition of the compelling need to consider quickly

and efficiently legislation to implement trade agreements. The President and the Congress both have important powers with respect to trade and foreign affairs issues. Therefore, trade agreements do not readily fit the legislative model used to consider other types of legislation. Fast track has been developed to assure that trade relations with other countries are handled expeditiously and efficiently with the involvement of the executive and legislative branches. In so doing, the Committee has always recognized that fast track should apply only to meet the special requirements of trade agreements. To apply fast track more broadly would usurp a broad range of Congressional authority and prerogatives to make laws in these areas. Accordingly, the general rule of H.R. 2621 would permit the extension of fast track procedures to bills consisting solely of the provisions set forth in section 103. The Committee further emphasizes that the eligibility requirements for fast track treatment set forth in section 103(b)(3) of H.R. 2621, as approved by the Committee, are similar to those of the 1988 Act but are more precise.

In particular, the Committee intends that eligibility for fast track treatment under section 103(b)(3)(B) would cover only those provisions in the implementing bill that are directly related to the principal negotiating objectives set forth in section 102(b) and are necessary for the operation or implementation of the agreement. Section 103(b)(3)(C) covers those provisions that define and clarify, or provisions that are related to, the operation or effect of the provisions of the trade agreement. This language marks a change from prior versions of fast track, which covered provisions "necessary or appropriate" to implement the trade agreement. The Committee emphasizes that fast track, particularly section 103(b)(3)(C), should not apply to proposals to make wholesale changes to U.S. law merely because those laws may be addressed in the agreement. Provisions included in fast track should instead meet the tests set forth in the statutory language.

With respect to section 103(b)(3)(D), which explicitly permits the inclusion within implementing bills qualifying for fast track procedures of provisions to provide adjustment assistance to workers and firms adversely affected by trade, the Committee expects that such trade adjustment assistance programs would be modeled on the NAFTA Transitional Adjustment Assistance Program (subchapter D of chapter 2 of Title II of the Trade Act of 1974, as amended). In addition, the Committee would consider whether any such future programs would include authority for the Secretary of Labor to waive the requirement of training, consistent with the recommendations of the General Accounting Office report required under section 280(a) of the Trade Act of 1974, as it would be amended by section 203 of this Act.

6. SECTION 104: CONSULTATIONS

Present/expired law

Section 102 of the Trade Act of 1974 and sections 1102(d) and 1103 of the 1988 Act set forth the fast track requirements. These provisions required the President, before entering into any trade agreement, to consult with Congress as to the nature of the agree-

ment, how and to what extent the agreement will achieve applicable purposes, policies, and objectives, and all matters relating to agreement implementation. In addition, before entering into an agreement, the President was required to give Congress at least 90 calendar days advance notice of his intent. The purpose of this period was to provide the Congressional Committees of jurisdiction an opportunity to review the proposed agreement before it was signed.

Section 135(e) of the Trade Act of 1974 required that the Advisory Committee for Trade Policy and Negotiations meet at the conclusion of negotiations for each trade agreement and provide a report as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principal negotiating objectives of section 1101 of the 1988 Act. The report was due not later than the date on which the President notified Congress of his intent to enter into an agreement. With regard to the Uruguay Round, the report was due 30 days after the date of notification.

Explanation of provision

Section 104 of H.R. 2621, as amended, would establish a number of requirements that the President consult with Congress. Specifically, section 104(a)(1) would require the President to provide written notice and consult with the relevant committees at least 90 calendar days prior to entering into negotiations. As with the expired procedures, fast track would not apply to an implementing bill if both Houses separately agree to a procedural disapproval resolution within any 60-day period stating that the Administration has failed to consult with Congress.

Section 104(a)(2) would impose a special consultation requirement on the President, in addition to the requirements of section 104(a)(1), with respect to certain barriers to trade. Specifically, in the case of negotiations concerning the negotiating objective set forth in section 102(b)(1) (i.e., trade barriers directly related to trade) and in section 102(b)(7) (i.e., labor, the environment, and other matters that are directly related to trade), the additional consultations would concern how the negotiation meets the objective of reducing or eliminating a tariff or non-tariff barrier or foreign government policy or practice directly related to trade. In these consultations, the President is to consult with the House Committee on Ways and Means and the Committee on Finance of the Senate, as well as with the appropriate advisory groups established under section 135 of the Trade Act of 1974.

Section 104(a)(3) would establish a special consultation requirement for agriculture. Specifically, before initiating negotiations concerning tariff reductions in agriculture, the President is to assess whether U.S. tariffs on agriculture products that were bound under the Uruguay Round Agreements are lower than the tariffs bound by that country. In his assessment, the President would also be required to consider whether the tariff levels bound and applied throughout the world with respect to imports from the United States are higher than U.S. tariffs and whether the negotiation provides an opportunity to address any such disparity. The President would be required to consult with the Committees on Ways and Means and Agriculture of the House and the Committee on Fi-

nance and Agriculture, Nutrition and Forestry of the Senate concerning the results of this assessment and whether it is appropriate for the United States to agree to further tariff reductions under such circumstances and how all applicable negotiating objectives would be met.

In addition, section 104(b) would require the President, before entering into any trade agreement, to consult with the relevant Committees concerning the nature of the agreement, how and to what extent the agreement will achieve the applicable purposes, policies, and objectives set forth in H.R. 2621 and all matters relating to implementation under section 105, including the general effect of the agreement on U.S. laws.

Finally, section 104(c) would require that the report of the Advisory Committee for Trade Policy and Negotiations under section 135(e)(1) of the Trade Act of 1974 be provided not later than 30 days after the date on which the President notifies Congress of his intent to enter into the agreement under section 105(a)(1)(A).

Reason for change

The Committee believes that the consultation requirements of the expired fast track authority have been effective in allowing Congress to participate in the policy decisions surrounding the negotiation of trade agreements. Accordingly, H.R. 2621, as amended, would continue these provisions in similar form. However, because certain negotiating objectives, specifically under subsections 102(b)(1) and 102(b)(7), are new or untested, the Committee intends that the President demonstrate that a particular negotiation is meant to remove barriers directly related to trade. In addition, because of the special requirements of agriculture tariff negotiations, in which there is a great tariff disparity between the U.S. duty rate and the rate bound or applied by other countries, additional consultation requirements would apply.

H.R. 2621, as amended, would treat all trade agreements concluded under section 103(b) in the same manner for consultation purposes and does not differentiate between bilateral and multilateral agreements. Accordingly, the bill would extend to all such negotiations, and not just to bilateral negotiations as in the 1988 Act, the requirement that the President provide prior written notice of negotiations.

The Committee emphasizes the importance of timely, complete, and rigorous consultations between the Administration and Congress. The improvements made with respect to consultations, as compared with the expired provisions, are designed to assure maximum Congressional participation before, during, and after the trade negotiating process. The Committee notes that in the past, consultations have been at times less than ideal and wishes to improve this process considerably to make it more meaningful. Given the significant Congressional role in trade policy set forth in the Constitution, it is imperative that Members and their staffs be given periodic and timely substantive briefings by U.S. negotiators and access to relevant documents and information sources. The Committee emphasizes that Congress must be fully involved in all phases of the negotiating process and must have the ability to fully express its views and exert its constitutional role. The Committee

intends that throughout the process, the consultations address the nature of the agreement in question, how and to what extent the agreement will achieve the applicable purposes, policies, and objectives set forth in H.R. 2621 and all matters relating to implementation under section 105, including the general effect of the agreement on U.S. laws.

Finally, H.R. 2621, as amended, would permit the Advisory Committee for Trade Policy and Negotiations to submit its report after the President notifies his intent to enter into an agreement, as opposed to requiring the report be filed on the same day as that notification. The Committee believes that the additional time would contribute to the usefulness of the report.

7. SECTION 105: IMPLEMENTATION OF TRADE AGREEMENTS

Present / expired law

Before entering into the draft agreement, the President was required to give Congress 90 days advance notice (120 days for the Uruguay Round) to provide an opportunity for revision before signature. After entering into the agreement, the President was required to submit formally the draft agreement, implementing legislation, and a statement of administrative action. Once the bill was formally introduced, there was no opportunity to amend any portion of the bill—whether on the floor or in committee. Consequently, before the formal introduction took place, the committees of jurisdiction would hold hearings, "mock mark-up" sessions and a "mock conference" with the Senate committees of jurisdiction in order to develop a draft implementing bill together with the Administration and to make their concerns known to the Administration before it introduced the legislation formally.

After formal introduction of the implementing bill, the House committees of jurisdiction had 45 legislative days to report the bill, and the House was required to vote on the bill within 15 legislative days after the measure was reported or discharged from the committees. Fifteen additional days were provided for Senate committee consideration (assuming the implementing bill was a revenue bill), and the Senate floor action was required within 15 additional days. Accordingly, the maximum period for Congressional consideration of an implementing bill from the date of introduction was 90 legislative days. Amendments to the legislation were not permitted once the bill was introduced; the committee and floor actions consisted of "up or down" votes on the bill as introduced.

Finally, section 1103(d) of the 1988 Act specified that the fast track rules were enacted as an exercise of the rulemaking power of the House and the Senate, with the recognition of the right of either House to change the rules at any time.

Explanation of provision

Under section 105(a) of H.R. 2621, as amended, the President would be required, at least 90 days before entering into an agreement, to notify Congress of his intent to enter into the agreement. Section 105(a) also would establish a new requirement that the President, within 60 days of signing an agreement, submit to Congress a preliminary list of existing laws that he considers would be

required to bring the United States into compliance with agreement.

Section 105(b) would provide that fast track would not apply if both Houses separately agree to a procedural disapproval resolution within any 60-day period stating that the Administration failed to consult with Congress.

Most of the remaining provisions are identical to the expired law. Specifically, section 105(a) would require the President, after entering into agreement, to submit formally the draft agreement, the implementing legislation, and a statement of administrative action to Congress, and there would be no time limit to do so. The procedures of section 151 of the Trade Act of 1974 would then apply. Specifically, on the same day as the President formally submits the legislation, the bill would be introduced (by request) by the Majority Leaders of the House and the Senate. After formal introduction of the legislation, the House Committees of jurisdiction would have 45 legislative days to report the bill. The House would be required to vote on the bill within 15 legislative days after the measure was reported or discharged from the Committees. Fifteen additional days would be provided for Senate Committee consideration (assuming the implementing bill was a revenue bill), and Senate floor action would be required within 15 additional days. Accordingly, the maximum period for Congressional consideration of the implementing bill from the date of introduction would be 90 legislative days.

As with the expired provisions, once the bill has been formally introduced, no amendments would be permitted either in Committee or floor action, and a straight "up or down" vote would be required. Of course, before formal introduction, the bill could be developed by the Committees of jurisdiction together with the Administration during the informal Committee "mock mark-up" process.

Finally, as with the expired provision, section 105(c) specifies that sections 105(b) and 103(c) are enacted as an exercise of the rulemaking power of the House and the Senate, with the recognition of the right of either House to change the rules at any time.

Reason for change

The procedures established under H.R. 2621 are mainly identical to those of the 1988 Act. The Committee views these procedures as having been effective in the past because they permit Congress to participate in the drafting of the implementing bill.

As with the past provision, there would be no deadline for the submission of the legislation by the President once an agreement has been concluded, because the Committee intends that the Committees and the Administration have as much time as necessary to consider the content of the legislation. After the formal introduction, certain deadlines are appropriate because Congress has already conducted its process informally. The Committee believes that the informal "mock mark-up" process conducted before formal submission of the implementing bill provides the Congress, the public, and the private sector ample opportunity to participate in the development of the proposed legislation and to provide their views to the Administration. The Committee encourages and expects the Administration to continue its practice of considering

carefully the comments made during this informal process and of making no changes to the legislation beyond those recommended by the Committees. If the Administration must make changes to reconcile differing recommendations by the relevant Committees, the Committee expects that the Administration will continue to consult with the affected Committees.

H.R. 2621, as amended, would add a new procedural step requiring that the President submit to Congress, within 60 days of signing an agreement, a preliminary list of existing laws that he considers would be required to bring the United States into compliance with the agreement. This requirement has been added out of concern that in the past, Congress has not always been timely apprised of the changes to U.S. law that the Administration believes are required. This information is of vital importance to the Committee in its deliberations.

8. SECTION 106: TREATMENT OF CERTAIN TRADE AGREEMENTS

Present/expired law

No provision.

Explanation of provision

Section 106 exempts an agreement with Chile, the Information Technology Agreement, and WTO work programs (concerning rules of origin and financial services) from prenegotiation consultation requirements of section 104(a) only. However, upon enactment of H.R. 2621, the Administration is required to consult as to those elements set forth in section 104(a) as soon as feasible.

Reason for change

The Committee recognizes the importance of the listed negotiations to the United States and the need to implement them under fast track. However, because these negotiations have already begun, it would not be possible for the Administration to comply with the prenegotiation consultation requirements set forth in section 104(a). Accordingly, the Committee believes these requirements should be waived with regard to these agreements only. However, the Committee expects that the Administration will consult with Congress as soon as feasible after enactment of this Act and will continue to consult closely with the Committees throughout the negotiations so that the Committees may be informed about the issues and communicate any concerns.

9. SECTION 107: CHIEF AGRICULTURAL NEGOTIATOR

Present/expired law

No provision.

Explanation of provision

Section 107 of H.R. 2621, as amended, establishes the permanent position within USTR of Chief Agriculture Negotiator, whose functions include the conduct of trade negotiations relating to agricultural commodities and other functions as the USTR may direct.

Reason for change

The Committee understands that USTR has created a temporary position for Chief Agricultural Negotiator, to be filled through the agriculture negotiations beginning in 1999 under the auspices of the WTO. However, the Committee believes that this position, and negotiation and enforcement of agriculture agreements, is sufficiently important to justify a permanent position.

B. TITLE II—TRADE ADJUSTMENT ASSISTANCE

1. SECTION 201: ADJUSTMENT ASSISTANCE FOR WORKERS

Present law

Section 245 of the Trade Act of 1974, as amended (19 U.S.C. 2317), authorizes appropriations to the Department of Labor through fiscal year 1998 of such sums as may be necessary to administer the general TAA and NAFTA-related TAA programs of Chapter 2 of Title II that Act.

Explanation of provision

The provision would amend section 245 of the Trade Act of 1974, as amended (19 U.S.C. 2317), to authorize appropriations to the Department of Labor through fiscal year 2000 of such sums as may be necessary to administer the general TAA and NAFTA-related TAA programs of Chapter 2 of Title II of that Act.

Reason for change

The provision reflects the Committee's belief that appropriations for the general TAA and NAFTA–TAA programs should be reauthorized through fiscal year 2000.

Effective date

The provision would take effect on the date of enactment.

2. SECTION 202: ADJUSTMENT ASSISTANCE FOR FIRMS

Present law

Section 256(b) of the Trade Act of 1974, as amended (19 U.S.C. 2346(b)) authorizes appropriations to the Secretary of Commerce through fiscal year 1998 of such sums as may be necessary to administer the TAA for firms program (Chapter 3 of Title II of the Trade Act of 1974, as amended).

Explanation of provision

Section 201 would amend section 256(b) of the Trade Act of 1974, as amended (19 U.S.C. 2346(b)), to authorize appropriations to the Secretary of Commerce through fiscal year 2000 of such sums as may be necessary to administer the TAA for firms program.

Reason for change

The provision reflects the Committee's belief that authorizations of appropriations for the TAA for firms program should be extended through fiscal year 2000.

Effective date

The provision would take effect on the date of enactment.

3. SECTION 203: GENERAL ACCOUNTING OFFICE REPORT

Present law

Section 280(a) of the Trade Act of 1974, as amended (19 U.S.C. 2391(a)), required the General Accounting Office (GAO) to conduct a study of the general TAA program, the NAFTA-related TAA program, and Adjustment Assistance for Communities (Chapter 4 of Title II of the Tariff Act of 1974, as amended, which terminated on September 30, 1982) and report the results to the Congress no later than January 31, 1980.

Explanation of provision

Section 203 would amend section 280(a) of the Trade Act of 1974, as amended (19 U.S.C. 2391(a)), to require the GAO to conduct a study of the general TAA and the NAFTA-related TAA programs and report the results to the Congress no later than October 1, 1999.

Reason for change

The Committee believes that a GAO report one year prior to termination of the general TAA and NAFTA-related TAA programs on September 30, 2000 would allow the Committee an opportunity for timely and effective oversight for consideration of possible extensions of the programs. With regard to the discussion above concerning the qualification for fast track procedures, under section 103(b)(3)(D) of this bill for any trade adjustment assistance programs, the Committee intends that the GAO report will provide recommendations as to whether any such future TAA programs should include authority for the Secretary of Labor to waive the requirement of training.

Effective date

The provision would take effect on the date of enactment.

4. SECTION 204: TERMINATION

Present law

Section 285(c) of the Trade Act of 1974, as amended (19 U.S.C. 2271 note), provides that no assistance, vouchers, allowances, or other payments may be provided under the general TAA or NAFTA-related TAA programs, and no technical assistance may be provided under the TAA for firms program after September 30, 1998.

Explanation of provision

Section 204 would amend section 285(c) of the Trade Act of 1974, as amended (19 U.S.C. 2271 note), to provide that no assistance, vouchers, allowances, or other payments may be provided under the general TAA or NAFTA-related TAA programs, and no technical assistance may be provided under the TAA for firms program after September 30, 2000.

Reason for change

The provision reflects the Committee's belief that the termination date for the general TAA, NAFTA-related TAA, and TAA for firms programs should be extended until September 30, 2000.

Effective date

The provision would take effect on the date of enactment.

C. TITLE III—REVENUE PROVISIONS

Present law

Gross income for purposes of the Internal Revenue Code generally includes all income from whatever source derived, including rents. The Code (sec. 280A(g)) provides an exception to this rule where a dwelling unit is used during the taxable year by the taxpayer as a residence and such dwelling unit is actually rented for less than 15 days during the taxable year. In this case, the income from such rental is not included in gross income and no deductions arising from such rental use are allowed as a deduction.

Explanation of provision

The bill repeals the 15-day rules of section 280A(g). The bill also provides that no reduction in basis is required if the taxpayer: (1) rented the dwelling unit for less than 15 days during the taxable year and (2) did not claim depreciation on the dwelling unit for the period of rental.

Reason for change

The present-law exception allows certain taxpayers to exclude from income large rental payments for the short-term rental of the taxpayer's residence. The Committee believes that such amounts generally should be included in income of the taxpayers.

Effective date

The provision applies to taxable years beginning after December 31, 1997.

III. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee on Ways and Means in its consideration of the bill H.R. 2621.

MOTION TO REPORT THE BILL

The bill, H.R. 2621, as amended, was ordered favorably reported by a roll call vote of 24 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representatives	Yea	Nay	Present	Representatives	Yea	Nay	Present
Mr. Archer	X			Mr. Rangel		X	
Mr. Crane	X			Mr. Stark		X	
Mr. Thomas	X			Mr. Matsui	X		
Mr. Shaw	X			Mrs. Kennelly	X		
Mrs. Johnson	X			Mr. Coyne		X	

Representatives	Yea	Nay	Present	Representatives	Yea	Nay	Present
Mr. Bunning	X			Mr. Levin		X	
Mr. Houghton	X			Mr. Cardin		X	
Mr. Herger	X			Mr. McDermott	X		
Mr. McCrery	X			Mr. Kleczka		X	
Mr. Camp	X			Mr. Lewis		X	
Mr. Ramstad	X			Mr. Neal		X	
Mr. Nussle	X			Mr. McNulty		X	
Mr. Johnson	X			Mr. Jefferson	X		
Ms. Dunn	X			Mr. Tanner	X		
Mr. Collins	X			Mr. Becerra		X	
Mr. Portman	X			Mrs. Thurman		X	
Mr. English		X					
Mr. Ensign							
Mr. Christensen	X						
Mr. Watkins	X						
Mr. Hayworth	X						
Mr. Weller		X					
Mr. Hulshof	X						

IV. BUDGET EFFECTS OF THE BILL

A. Committee Estimates of Budgetary Effect

Pursuant to clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee agrees with cost estimates furnished by the Congressional Budget Office on H.R. 2621, as amended, set forth below.

B. Budget Authority and Tax Expenditures

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that the bill reduces tax expenditures by the amount of the revenue offset provision to repeal Internal Revenue Code section 280A(g), and provides new budget authority as a result of the extension of Trade Adjustment Assistance.

C. Cost Estimate Prepared by the Congressional Budget Office

U.S. Congress,
Congressional Budget Office,
Washington, DC, October 21, 1997.

Hon. Bill Archer,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2621, the Reciprocal Trade Agreement Authorities Act of 1997.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Alyssa Trzeszkowski (for revenues); Christi H. Sadoti (for Trade Adjustment Assistance for Workers); and Gary Brown (for Trade Adjustment Assistance for Firms).

Sincerely,

June E. O'Neill, *Director.*

Enclosure.

H.R. 2621—Reciprocal Trade Agreement Authorities Act of 1977

Summary: H.R. 2621, the Reciprocal Trade Agreement Authorities Act of 1997, would restore the President's authority to enter into multilateral and bilateral trade agreements with Congressional approval or rejection of, but not amendment to, those agreements. In addition, H.R. 2621 would extend the Trade Adjustment Assistance (TAA) programs for both workers and firms, which will expire on September 30, 1998. CBO estimates this extension would result in direct spending of $750 million over the 1992–2002 period and discretionary spending of $12 million over the same period, subject to the appropriation of the estimated amounts. For Congressional scoring and pay-as-you-go purposes, only $101 million in direct spending would be counted because the remainder is already included in the budget resolution baseline, as required by law. The bill would also repeal a special rule within the Internal Revenue Code pertaining to the rental usage of vacation homes. The Joint Committee on Taxation (JCT) estimates that enacting this provision would increase revenues by $23 million in 1998 and by $123 million over the 1998–2002 period. Because enacting the bill would affect revenues and direct spending, pay-as-you-go procedures would apply.

The bill contains one new private-sector mandate, but does not contain any intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA), and would not impose any costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2621 is shown in the following table.

	By fiscal years, in millions of dollars—										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
CHANGES IN REVENUES											
Restoration of Fast Track Authority	0	0	0	0	0	0	0	0	0	0	0
Repeal of Special Rule for Vacation Homes	0	23	23	24	26	27	28	29	30	31	33
DIRECT SPENDING											
Baseline Spending Under Current Law for TAA for Workers:											
Estimated Budget Authority	311	340	315	331	332	333	333	334	334	334	337
Estimated Outlays	300	343	328	335	332	333	333	334	334	334	337
Proposed Changes:											
Estimated Budget Authority	0	0	50	51	0	0	0	0	0	0	0
Estimated Outlays	0	0	39	48	12	3	0	0	0	0	0
Baseline Spending Under H.R. 2621 for TAA for Workers:											
Estimated Budget Authority	311	340	365	383	332	333	333	334	334	334	337
Estimated Outlays	300	343	367	383	344	336	333	334	334	334	337

	By fiscal years, in millions of dollars—					
	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for TAA for Firms:						
Estimated Authorization Level [1]	9	10	0	0	0	0
Estimated Outlays	10	9	9	6	5	2
Proposed Changes:						
Estimated Authorization Level	0	0	10	10	0	0
Estimated Outlays	0	0	0	3	4	5

	By fiscal years, in millions of dollars—					
	1997	1998	1999	2000	2001	2002
Spending Under H.R. 2621 for TAA for Firms:						
Estimated Authorization Level [1]	9	10	10	10	0	0
Estimated Outlays	10	9	9	9	9	7

[1] The 1997 level is the amount actually appropriated. The 1998 level is the amount in H.R. 2267, the House-passed version of the bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

Basis of estimate

Revenues

Before their expiration on June 1, 1993, sections 1102 and 1103 of the Omnibus Trade and Competitiveness Act of 1988 granted the President the authority to enter into multilateral and bilateral trade agreements. The President could reduce certain tariffs by proclamation within specified bounds prescribed by the law. For provisions subject to Congressional approval, the Congress could not amend implementing legislation once it was introduced. Furthermore, as long as the President met statutory requirements concerning Congressional consultation during the negotiation process, the Congress was required to act on the legislation following a strict timetable. This consideration process was known as the "fast track" procedure. Public Law 103–40 temporarily extended these provisions through April 16, 1994, for any trade agreement resulting from the Uruguay round negotiations taking place under the General Agreement on Tariffs and Trade.

The Reciprocal Trade Agreement Authorities Act of 1997 would restore the President's authority to implement certain tariff changes. This provision of H.R. 2621 would have no direct effect on revenues, because future trade agreements would require implementing legislation. The effect of any changes implemented by the President would be attributed to the legislation implementing the agreement.

The bill would also repeal a special rule within the Internal Revenue Code pertaining to the rental usage of vacation homes. The Joint Committee on Taxation (JCT) estimates that enacting this provision would increase revenues by $23 million in 1998 and by $123 million over the 1998–2002 period.

Direct spending

The Trade Adjustment Assistance program, which was established by the Trade Expansion Act of 1962, and was most recently extended until September 30, 1998, by the Omnibus Reconciliation Act of 1993, provides transitional adjustment assistance for workers and firms dislocated as a result of increased imports. The bill would extend Trade Adjustment Assistance for Workers through fiscal year 2000 at an estimated cost of $750 million over the 1999–2002 period. For Congressional scoring and pay-as-you-go purposes, however, only the cost of assistance resulting from the North American Free Trade Agreement (NAFTA) Implementation Act would count as additional spending, because the other costs of extending TAA for workers, averaging about $325 million annually in 1999 and 2000, are included in the budget resolution baseline, as re-

quired by the Balanced Budget and Emergency Deficit Control Act of 1985.

CBO estimates that extending the NAFTA TAA program for two years would result in additional outlays of $101 million over the 1999–2002 period. For purposes of this estimate, CBO assumes that the number of workers receiving benefits would continue to be about 5,000 each year. We estimate that cash assistance benefits would average $220 per beneficiary per week for an average of 30 weeks, and that training benefits would cost about $3,500 per beneficiary.

Spending subject to appropriation

CBO estimates that the authorization of such sums as necessary for Trade Adjustment Assistance for Firms in each of fiscal years 1998 through 2000 would result in new spending subject to appropriation of about $12 million over the 1999–2002 period. This estimate assumes that the amount appropriated each year under this authorization would be about $9.5 million, the amount provided for 1998 in H.R. 2267, the House-passed version of the bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1998. (An identical amount is designated in the Senate-passed version of this year's appropriation bill.) Outlays are estimated based on historical spending rates for the Economic Development Administration.

Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The projected changes in direct spending and revenues through 2007 are shown in the following table. For purposes of enforcing pay-as-you-go procedures, however, only the effects in the budget year and the succeeding four years are counted.

	By fiscal years, in millions of dollars—									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Change in Outlays	0	39	48	12	3	0	0	0	0	0
Change in Receipts	23	23	24	26	27	28	29	30	31	33

Intergovernmental and private-sector impact: The Joint Committee on Taxation has determined that H.R. 2621 contains one new private-sector mandate, as defined in UMRA. The provision relating to the repeal of the 14-day rule on rental of vacation properties (Internal Revenue Code, section 280A(g)) is estimated to increase tax revenue by $123 million over fiscal years 1998 through 2002, which is the estimated amount that the private sector would be required to spend in order to comply with this federal private-sector mandate. The bill would not impose an intergovernmental mandate on state, local, or tribal governments, as such governmental entities are generally exempt from federal income tax.

Estimate prepared by: Revenues: Alyssa Trzeszkowski; Federal Costs: Christi H. Sadoti, and Gary Brown.

Estimate approved by: Rosemary Marcuss, Assistant Director for Tax Analysis, and Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. Committee Oversight Findings and Recommendations

With respect to subdivision (A) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee's oversight activities concerning customs and tariff matters, import trade matters, and specific trade-related issues that the Committee concluded that it was appropriate to enact the provisions contained in the bill.

B. Summary of Findings and Recommendations of the Committee on Government Reform and Oversight

With respect to subdivision (D) of clause 2(l)(4) of rule XI of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that no oversight findings or recommendations have been submitted to this Committee by the Committee on Government Reform and Oversight with respect to the provisions contained in this bill.

C. Constitutional Authority Statement

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article 1 of the Constitution, Section 8 ("The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for * * * the general Welfare of the United States * * *).

D. Information Relating to Unfunded Mandates

This information is provided in accordance with section 423 of the Unfunded Mandates Act of 1995 (P.L. 104–4).

The Committee has determined that the provision of the bill relating to the repeal of the 14-day rule on rental of vacation property will impose a Federal mandate on the private sector in the amount shown in the CBO estimate, above. This revenue is needed to offset the budget cost of the Trade Adjustment Assistance provision. This provision of the bill will not impose a Federal intergovernmental mandate on State, local, or tribal governments.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TRADE ACT OF 1974

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TITLE I—NEGOTIATING AND OTHER AUTHORITY

* * * * * * *

CHAPTER 3—HEARINGS AND ADVICE CONCERNING NEGOTIATIONS

SEC. 131. ADVICE FROM INTERNATIONAL TRADE COMMISSION.

(a) LISTS OF ARTICLES WHICH MAY BE CONSIDERED FOR ACTION.—

(1) In connection with any proposed trade agreement under [section 123 of this Act or section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988,] *section 123 of this Act or section 103(a) or (b) of the Reciprocal Trade Agreement Authorities Act of 1997,* the President shall from time to time publish and furnish the International Trade Commission (hereafter in this section referred to as the "Commission") with lists of articles which may be considered for modification or continuance of United States duties, continuance of United States duty-free or excise treatment, or additional duties. In the case of any article with respect to which consideration may be given to reducing or increasing the rate of duty, the list shall specify the provision of this subchapter under which such consideration may be given.

(2) In connection with any proposed trade agreement under [section 1102 (b) or (c) of the Omnibus Trade and Competitiveness Act of 1988] *section 103(b) of the Reciprocal Trade Agreement Authorities Act of 1997*, the President may from time to time publish and furnish the Commission with lists of nontariff matters which may be considered for modification.

(b) ADVICE TO PRESIDENT BY COMMISSION.—Within 6 months after receipt of a list under subsection (a) or, in the case of a list submitted in connection with a trade agreement, within 90 days after receipt of such list, the Commission shall advise the President, with respect to each article or nontariff matter, of its judgment as to the probable economic effect of modification of the tariff or nontariff measure on industries producing like or directly competitive articles and on consumers, so as to assist the President in making an informed judgment as to the impact which might be caused by such modifications on United States interests, such as sectors involved in manufacturing, agriculture, mining, fishing, services, intellectual property, investment, labor, and consumers. Such advice may include in the case of any article the advice of the Commission as to whether any reduction in the rate of duty should take place over a longer period of time than the minimum period provided for in section [1102(a)(3)(A)] *section 103(a)(3)(A) of the Reciprocal Trade Agreement Authorities Act of 1997*.

(c) ADDITIONAL INVESTIGATIONS AND REPORTS REQUESTED BY THE PRESIDENT OR THE TRADE REPRESENTATIVE.—In addition, in order to assist the President in his determination whether to enter into any agreement under section 123 of this Act or [section 1102 of the Omnibus Trade and Competitiveness Act of 1988,] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,* or how to develop trade policy, priorities or other matters (such as priorities for actions to improve opportunities in foreign markets), the Commission shall make such investigations and reports as may be requested by the President or the United States Trade Representative on matters such as effects of modification of any barrier to (or other distortion of) international trade on domestic workers, industries or sectors, purchasers, prices and quantities of articles in the United States.

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SEC. 132. ADVICE FROM EXECUTIVE DEPARTMENTS AND OTHER SOURCES.

Before any trade agreement is entered into under section 123 of this Act or [section 1102 of the Omnibus Trade and Competitiveness Act of 1988,] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,* the President shall seek information and advice with respect to such agreement from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State and the Treasury, from the United States Trade Representative, and from such other sources as he may deem appropriate. Such advice shall be prepared and presented consistent with the provisions of Reorganization Plan Number 3 of 1979, Executive Order Number 12188 and section 141(c).

SEC. 133. PUBLIC HEARINGS.

(a) OPPORTUNITY FOR PRESENTATION OF VIEWS.—In connection with any proposed trade agreement under section 123 of this Act or [section 1102 of the Omnibus Trade and Competitiveness Act of 1988,] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,* the President shall afford an opportunity for any interested person to present his views concerning any article on a list published under section 131, any matter or article which should be so listed, any concession which should be sought by the United States, or any other matter relevant to such proposed trade agreement. For this purpose, the President shall designate an agency or an interagency committee which shall, after reasonable notice, hold public hearings and prescribe regulations governing the conduct of such hearings. When appropriate, such procedures shall apply to the development of trade policy and priorities.

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SEC. 134. PREREQUISITES FOR OFFERS.

(a) In any negotiation seeking an agreement under section 123 of this Act or [section 1102 of the Omnibus Trade and Competitiveness Act of 1988,] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997,* the President may make a formal offer for the modification or continuance of any United States duty, import restrictions, or barriers to (or other distortions of) international trade, the continuance of United States duty-free or excise treat-

ment, or the imposition of additional duties, import restrictions, or other barrier to (or other distortion of) international trade including trade in services, foreign direct investment and intellectual property as covered by this title, with respect to any article or matter only after he has received a summary of the hearings at which an opportunity to be heard with respect to such article has been afforded under section 133. In addition, the President may make an offer for the modification or continuance of any United States duty, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, with respect to any article included in a list published and furnished under section 131(a), only after he has received advice concerning such article from the Commission under section 131(b), or after the expiration of the 6-month or 90-day period provided for in that section, as appropriate, whichever first occurs.

(b) In determining whether to make offers described in subsection (a) in the course of negotiating any trade agreement under [section 1102 of the Omnibus Trade and Competitiveness Act of 1988] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997*, and in determining the nature and scope of such offers, the President shall take into account any advice or information provided, or reports submitted, by—

(1) * * *

* * * * * * *

SEC. 135. INFORMATION AND ADVICE FROM PRIVATE AND PUBLIC SECTORS.

(a) IN GENERAL.—

(1) The President shall seek information and advice from representative elements of the private sector and the non-Federal governmental sector with respect to—

(A) negotiating objectives and bargaining positions before entering into a trade agreement under this title or [section 1102 of the Omnibus Trade and Competitiveness Act of 1988] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997*;

* * * * * * *

(e) MEETING OF ADVISORY COMMITTEES AT CONCLUSION OF NEGOTIATIONS.—

(1) The Advisory Committee for Trade Policy and Negotiations, each appropriate policy advisory committee, and each sectoral or functional advisory committee, if the sector or area which such committee represents is affected, shall meet at the conclusion of negotiations for each trade agreement entered into under [section 1102 of the Omnibus Trade and Competitiveness Act of 1988] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997*, to provide to the President, to Congress, and to the United States Trade Representative a report on such agreement. Each report that applies to a trade agreement entered into under [section 1102 of the Omnibus Trade and Competitiveness Act of 1988] *section 103 of the Reciprocal Trade Agreement Authorities Act of 1997* shall be provided under the preceding sentence not later than the date on which the President notifies the Congress under section

[1103(a)(1)(A) of such Act of 1988] *section 105(a)(1)(A) of the Reciprocal Trade Agreement Authorities Act of 1997* of his intention to enter into that agreement.

(2) The report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee shall include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principal negotiating objectives set forth in [section 1101 of the Omnibus Trade and Competitiveness Act of 1988] *section 102 of the Reciprocal Trade Agreement Authorities Act of 1997*, as appropriate.

* * * * * * *

CHAPTER 5—CONGRESSIONAL PROCEDURES WITH RESPECT TO PRESIDENTIAL ACTIONS

SEC. 151. BILLS IMPLEMENTING TRADE AGREEMENTS ON NONTARIFF BARRIERS AND RESOLUTIONS APPROVING COMMERCIAL AGREEMENTS WITH COMMUNIST COUNTRIES.

(a) * * *

(b) DEFINITIONS.—For purposes of this section—

(1) The term "implementing bill" means only a bill of either House of Congress which is introduced as provided in subsection (c) with respect to one or more trade agreements, or with respect to an extension described in section 282(c)(3) of the Uruguay Round Agreements Act, submitted to the House of Representatives and the Senate under section 102 of this Act, [section 1103(a)(1) of the Omnibus Trade and Competitiveness Act of 1988, or section 282 of the Uruguay Round Agreements Act] *section 282 of the Uruguay Round Agreements Act, or section 105(a)(1) of the Reciprocal Trade Agreement Authorities Act of 1997* and which contains—

(A) * * *

* * * * * * *

(c) INTRODUCTION AND REFERRAL.—

(1) On the day on which a trade agreement or extension is submitted to the House of Representatives and the Senate under section 102 [or section 282 of the Uruguay Round Agreements Act], *section 282 of the Uruguay Round Agreements Act, or section 105(a)(1) of the Reciprocal Trade Agreement Authorities Act of 1997*, the implementing bill submitted by the President with respect to such trade agreement or extension shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a trade agreement or extension is submitted, the implementing bill shall be intro-

duced in that House, as provided in the preceding sentence, on the first day thereafter on which the House is in session. Such bills shall be referred by the Presiding Officers of the respective Houses to the appropriate committee, or, in the case of a bill containing provisions within the jurisdiction of two or more committees, jointly to such committees for consideration of those provisions within their respective jurisdictions.

* * * * * * *

CHAPTER 6—CONGRESSIONAL LIAISON AND REPORTS

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SEC. 162. TRANSMISSION OF AGREEMENTS TO CONGRESS.

(a) As soon as practicable after a trade agreement entered into under section 123 or 124 [or under section 1102 of the Omnibus Trade and Competitiveness Act of 1988] *or under section 103 of the Reciprocal Trade Agreement Authorities Act of 1997* has entered into force with respect to the United States, the President shall, if he has not previously done so, transmit a copy of such trade agreement to each House of the Congress together with a statement, in the light of the advice of the International Trade Commission under section 131(b), if any, and of other relevant considerations, of his reasons for entering into the agreement.

* * * * * * *

TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

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CHAPTER 1—POSITIVE ADJUSTMENT BY INDUSTRIES INJURED BY IMPORTS

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Subchapter C—General Provisions

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SEC. 245. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to the Department of Labor, for each of the fiscal years [1993, 1994, 1995, 1996, 1997, and 1998] *1998, 1999, and 2000*, such sums as may be necessary to carry out the purposes of this chapter, other than subchapter D.

(b) SUBCHAPTER D.—There are authorized to be appropriated to the Department of Labor, for each of fiscal years [1994, 1995, 1996, 1997, and 1998] *1998, 1999, and 2000*, such sums as may be necessary to carry out the purposes of subchapter D of this chapter.

* * * * * * *

CHAPTER 3—ADJUSTMENT ASSISTANCE FOR FIRMS

* * * * * * *

SEC. 256. DELEGATION OF FUNCTIONS TO SMALL BUSINESS ADMINISTRATION; AUTHORIZATION OF APPROPRIATIONS.

(a) * * *

(b) There are hereby authorized to be appropriated to the Secretary for fiscal years [1993, 1994, 1995, 1996, 1997, and 1998] *1998, 1999, and 2000,* such sums as may be necessary to carry out his functions under this chapter in connection with furnishing adjustment assistance to firms (including, but not limited to, the payment of principal, interest, and reasonable costs incident to default on loans guaranteed by the Secretary under the authority of this chapter), which sums are authorized to be appropriated to remain available until expended.

* * * * * * *

CHAPTER 5—MISCELLANEOUS PROVISIONS

SEC. 280. GENERAL ACCOUNTING OFFICE REPORT.

(a) The Comptroller General of the United States shall conduct a study of the adjustment assistance programs established under chapters [2, 3, and 4] *2 and 3* of this title and shall report the results of such study to the Congress no later than [January 31, 1980] *October 1, 1999*. Such report shall include an evaluation of—

(1) * * *

* * * * * * *

SEC. 285. TERMINATION.

(a) * * *

* * * * * * *

(c)(1) Except as provided in paragraph (2), no assistance, vouchers, allowances, or other payments may be provided under chapter 2, and no technical assistance may be provided under chapter 3, after September 30, [1998] *2000*.

(2)(A) Except as provided in subparagraph (B), no assistance, vouchers, allowances, or other payments may be provided under subchapter D of chapter 2 after the day that is the earlier of—

(i) September 30, [1998] *2000*, or

(ii) * * *

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INTERNAL REVENUE CODE OF 1986

Subtitle A—Income Taxes

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CHAPTER 1—NORMAL TAXES AND SURTAXES

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Subchapter B—Computation of Taxable Income

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PART IX—ITEMS NOT DEDUCTIBLE

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SEC. 280A. DISALLOWANCE OF CERTAIN EXPENSES IN CONNECTION WITH BUSINESS USE OF HOME, RENTAL OF VACATION HOMES, ETC.

(a) * * *

* * * * * * *

[(g) SPECIAL RULE FOR CERTAIN RENTAL USE.—Notwithstanding any other provision of this section or section 183, if a dwelling unit is used during the taxable year by the taxpayer as a residence and such dwelling unit is actually rented for less than 15 days during the taxable year, then—

[(1) no deduction otherwise allowable under this chapter because of the rental use of such dwelling unit shall be allowed, and

[(2) the income derived from such use for the taxable year shall not be included in the gross income of such taxpayer under section 61.]

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Subchapter O—Gain or Loss on Disposition of Property

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PART II—BASIS RULES OF GENERAL APPLICATION

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SEC. 1016. ADJUSTMENT TO BASIS.

(a) * * *

* * * * * * *

(e) SPECIAL RULE WHERE RENTAL USE OF VACATION HOME, ETC., FOR LESS THAN 15 DAYS.—If a dwelling unit is used during the taxable year by the taxpayer as a residence and such dwelling unit is actually rented for less than 15 days during the taxable year, the reduction under subsection (a)(2) by reason of such rental use in any taxable year beginning after December 31, 1997, shall not exceed the depreciation deduction allowed for such rental use.

[(e)] *(f)* CROSS REFERENCE.—

For treatment of separate mineral interests as one property, see section 614.

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VII. DISSENTING VIEWS OF CONGRESSMAN RANGEL

H.R. 2621 is a very significant piece of legislation because it extends fast track trade agreement authority to the President. It is argued that any President, whether Democrat or Republican, must have such authority to be able to negotiate and implement trade agreements. It is further argued that the President must have such authority in order for the United States to be able to continue to provide economic leadership for the rest of the world. It is my view that the President must be able to provide economic leadership at home before he can provide economic leadership for the rest of the world.

While H.R. 2621 may give the President the tools he needs to provide economic leadership around the world, it unfortunately does not give the President the tools he needs to provide economic leadership at home. Consequently, I am not in a position to support H.R. 2621 at this time. Although H.R. 2621 is similar to a bill recently ordered reported by the Senate Finance Committee and is acceptable to the Administration, the bill does not adequately address my concerns as outlined below.

As I have publicly stated on numerous occasions in recent weeks in the debate on fast track, trade policy in this country can no longer be considered in isolation. Trade policy is but one component of what should be a comprehensive, integrated approach to economic policy-making in this country. International trade redistributes income among industries, regions, and individuals. Moving further in the direction of free trade in this country through the negotiation of additional trade agreements should not be done without simultaneously addressing questions concerning the fairness and the legitimacy of the practices that generate these distributional costs, and also addressing how to ensure that the poor and disadvantaged in this country are not forgotten as our economy is globalized.

Free trade enhances opportunities for those with the skills and the mobility to flourish in world markets. At the same time, it exerts downward pressure on the wages of underskilled workers in this country; increases economic insecurity; calls into question accepted social arrangements, particularly in the area of labor-management relations; and weakens social safety nets.

If we are going to continue along the path of freer trade in this country, we must complement this tragedy with an internal strategy of job creation, as well as compensation, training, and social insurance for those groups most at risk. We must also have a strategy in particular to create jobs and improve the infrastructure of those communities in this country where unemployment is chronically high and for whom participation in the global economy is still merely a dream. In sum, we must have a strategy to give hope and opportunity to the chronically unemployed and disadvantaged of

this country so that they can also share and benefit from the advantages of increased trade.

H.R. 2621 is undoubtedly a good faith effort to reconcile conflicting views about fast track but it fails to address these related concerns that I have just outlined. For me, these related concerns are essential elements of the debate. Until we have an overall legislative package that combines fast track with legislative provisions to address these concerns in a comprehensive and integrated manner, I am not in a position to support fast track legislation.

C.B. RANGEL.

DISSENTING VIEWS OF CONGRESSMAN LEWIS

I voted against the fast track proposal because I do not believe the legislation sets sound, fair guidelines for trade with other countries. If Congress decides to relinquish significant authority to the President in fast-track legislation, it must set clear parameters. This legislation carefully protects intellectual property and investment; however it does not do the same for labor, safety and environmental laws. We in Congress have a responsibility to ensure that fair and safe working conditions and basic environmental protections are as important and as protected as intellectual property and investment in trade agreements.

We require American businesses to meet environmental, safety and labor laws. Workers cannot be exploited. Child labor cannot be used. Water, air and ground pollution are monitored and restricted. Laws like these have helped our country build a strong middle class and a vibrant economy. American businesses have done very well—they meet these requirements, and they are competitive.

If we ask our companies to compete with foreign businesses that use slave labor and poison the environment, we are putting our companies and our workers at a great disadvantage. Without environmental and labor standards in our trade agreements, we are encouraging our businesses to move to other countries where labor is cheaper and environmental regulations do not exist or are not enforced.

In my own district in Atlanta, Georgia, we used to have a telephone repair plant. That plant employed 1000 workers. Those were good jobs. They didn't make the workers rich, but they earned a living wage. Now these jobs are gone. They have gone to Mexico, and my constituents—some of whom had worked there 20 years—are out of jobs.

Thanks to NAFTA, we now have a trade deficit with Mexico and we have lost jobs. Europe and Japan do not have NAFTA, and they have a trade surplus with Mexico.

It is time to consider a better way to trade. Other countries are eager and anxious to trade with the United States. We have the greatest consumer market in the world.

If we include labor, safety and environmental standards in trade negotiations, we send the right signal. We give the right message. We tell other countries: do not compete with us by using child labor and polluting the environment. Compete with us on the basis of productivity and creativity. That is the fair way to trade. That is the right way to trade.

Sadly, this bill does not send the right message to other countries. This bill says we do not care whether you use child labor or forced labor. This bill says we do not care whether your companies pollute the water or poison the air. This bill says we do not care how safe your products are.

I do care. That is why I could not support this bill

JOHN LEWIS.

DISSENTING VIEWS OF REPRESENTATIVE KAREN L. THURMAN

As compared to the Administration's proposal, H.R. 2621 contains a number of improvements to safeguard our country's domestic food supply. I appreciate the Chairman's recognition of the unique characteristics of Florida's perishable and import-sensitive crops.

I opposed this legislation in committee because it fell short in these critical areas:

First, it failed to include provisions for seasonality and those commodities that were subject to minimum formula tariff cuts during the GATT Uruguay Round Negotiations, and to the maximum staging under the NAFTA.

Second, it fell short of addressing my concerns in the areas of job loss, food safety and the integrity of the environment. As the Atlanta Constitution recently stated, "We have the world's food, and it's as safe as the environment it comes from". Foodborne illness strikes between 33 and 81 million Americans each year, unnecessarily costing some 9,000 lives and an estimated $5 to 15 billion dollars in preventable health care costs.

Finally, Congress and the Administration must look at the competitive advantage given to other countries through non-tariff means. We should not grant the exclusive use of key tools of production to our foreign competitors while denying the same tools to American producers.

KAREN L. THURMAN.